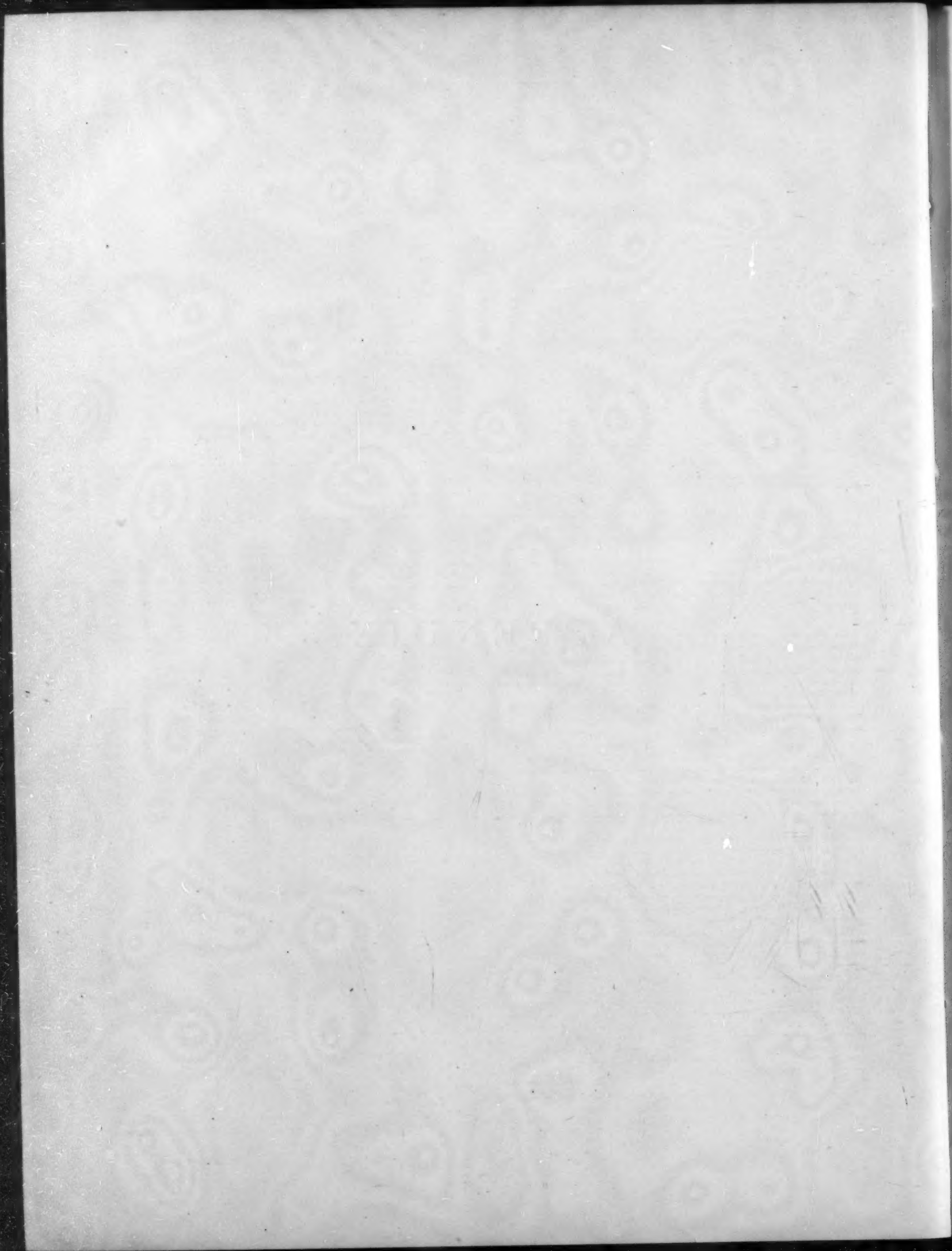

APPENDIX.



APPENDIX

TO THE

CONGRESSIONAL RECORD.

Revenue-Cutter Service.

SPEECH OF HON. CHAMP CLARK, OF MISSOURI, IN THE HOUSE OF REPRESENTATIVES,

Tuesday, December 11, 1894.

The House having under consideration the bill (H. R. 6723) to promote the efficiency of the Revenue-Cutter Service—

Mr. CLARK said:

Mr. CHAIRMAN: So far this bill has served merely as a string on which several gentlemen have hung up oratorical gems. It is almost dead. I feel proud to believe that I am standing here to-day looking into its open grave.

I have nearly killed it, and I rejoice to think that by talking forty-five minutes more I will give it its coup de grace. Then I will know my Congressional life has not been in vain. I shall not talk about the bill. Everything has been said that can be said about it. I shall talk simply to finish it.

OBSCURE HEROES.

On Saturday, when I had occasion to make some pertinent remarks on this bill, I incidentally referred to a distinguished member on the other side of the Chamber as an obscure hero. My Republican friends laughed. The truth is, Mr. Chairman, that heroes in the Republican camp are generally obscure. The men who stayed at home get the honors.

I say it, by way of retort, that when I get through talking about SILAS ADAMS, the obscure hero on that side of the House, he will be obscure no longer.

THE BORDER STATE SOLDIER.

My theme to-day is the Border State Soldier, Union and Confederate. Macaulay said when he finished writing his essay on Barere that he had succeeded in placing him on a pinnacle of infamy from which no succeeding historian could take him down. I propose to place the border State soldier, no matter under which flag he fought, on a height of glory from which no future orator shall dislodge him.

I said on Saturday, and they laughed at me for it, that I was just about a year too young to squeeze into the war. They thought that funny. They did not know how a man feels who was born and has lived all of his life in that thin border land—Kentucky, West Virginia, Missouri, Kansas, and Tennessee.

Mr. Chairman, if the history of those five States could be written it would discount all of Sir Walter Scott's novels. There my people and my wife's people lived and died. There my children were born. There two of them lie buried. I love the people of that borderland—the best, the bravest, the noblest under heaven—and I hate the men who jeer at them.

I will tell you how a border man feels. He is not a bully. He is not quarrelsome, but he understands how to take his own part. [Laughter and applause.] It happened to me, Mr. Chairman, that I was born and reared in Kentucky; that I lived two years in West Virginia, and most people there believe that I was born and reared there. I am very grateful to them for the kind things they have said about me. I lived eleven weeks in Kansas, and I have spent the remainder of my life in Missouri. When the war began I was 11 years old. I was a large boy. I wanted to go into the Army, but they wouldn't have me on account of my youth.

I want to tell you, Mr. Chairman, one of the first things I remember distinctly about the war. I see the man sitting in front of me who recalls it. It makes the blood in my heart go faster to look upon

his countenance—DANIEL EDGAR SICKLES. All that I remember of it I read in a newspaper at the time of the battle of Gettysburg, and that was that General SICKLES was carried off of that battlefield with his leg shot off, smoking a cigar. I thought it was the coolest thing that I ever heard of, and I did not believe any man could do it; but when I have seen him standing up here in this House, sometimes badgered by a dozen men at one time, and he, as cool as an icicle, polite as Chesterfield and brave as a lion hurling them all off, I have believed the story that I read about the field of Gettysburg.

Since then I have read of Pickett's charge and how the Virginia youth went to death as to a festival. It gives one a higher opinion of his race to read of that splendid feat of arms. [Applause.]

Down there where I was living one company of men went into Frank Wolford's cavalry. Another went into John Morgan's cavalry. Wolford was the very best specimen of the human race that ever stood on this floor. He sat in this Congress twice. He was a Kentucky mountain lawyer; and when you have said that, you have passed the highest encomium that can be passed on a lawyer. [Laughter and applause.] He would not wear a colonel's uniform; he wore the uniform of a private. They said they could never get enough of that regiment together to have a dress parade except on the eve of a battle, and then they gathered from the four quarters of the compass. When the war closed there was not enough left of that gallant band of men to have a roll call. The truth is that the First Kentucky Federal Cavalry died on the field of battle. SILAS ADAMS, its last colonel, was the youngest man in the regiment. Some way he escaped to live, although badly shot and taken to a hospital.

In the very same neighborhood a company went into Morgan's cavalry. They were made up of the flower of the Kentucky chivalry. I am glad to know that the colonel of the First Kentucky Union Cavalry sits over on that side; that the colonel of Morgan's cavalry, Governor MCCREARY, sits over here; that Col. WILLIAM C. P. BRECKINRIDGE sits over here, who went in as a private and fought his way to a colonel's commission in the finest body of soldiers that ever rode to battle. I am proud to be a Kentuckian among such Kentuckians. I remember when I was a boy the refrain went through Kentucky:

John Morgan's heel is on thy shore,
Kentucky, Oh Kentucky!
His hand is on thy stable door,
Kentucky, Oh Kentucky!
You'll never see your good gray mare any more;
He'll ride her till her back is sore,
And drop her at some stranger's door,
Kentucky, Oh Kentucky!

[Laughter.]

That song has been running through my head and singing in heart ever since.

I want to tell you how Morgan traded horses. They say that you can tell where Morgan marched through Ohio and Indiana yet by the good breed of horses that are through there. [Laughter.] He took the Kentucky thoroughbreds and rode them, you know, until they got stove up, and then he dropped them. Here is the way he swapped horses. He would come across a man in Kentucky and he would say, "You have a good horse and I want it." If the man said, "I am a Union man," he would say, "Well, I will confiscate it." [Laughter.] If the man said "I am a rebel," he would say, "You ought to contribute it to the cause of good government." [Applause.] Anyhow he took the horse. [Applause.]

It is only just and proper to state that Morgan's method of swapping horses was generally practiced on both sides. [Laughter.]

Obscure heroes, Mr. Chairman! I want to say now in the face of the American people that if the men who served on the Federal side from the border States during the war had served on the Confederate side the result of the war would have been different.

Take the 77,000 soldiers from Kentucky. Theodore Roosevelt says they were the finest men in the Army. I believe him on that proposition, although I do not believe a word he says about civil-service reform. [Applause.] Take the fifteen or twenty thousand from West Virginia. Take the gallant men from Maryland. Take the 35,000 from East Tennessee. Take the 99,000 that Missouri sent, and put Frank Blair at the head of them in the rebel army, and the Southern Confederacy would have achieved its independence. Those border State people saved the Union. They could have established the confederacy. Think of Frank Blair leading that host of heroes in the confederate army! The charge of the Old Guard at Waterloo, the charge of the Light Brigade at Balaclava, the charge of Mad Charles at Pultowa—all pale into utter insignificance compared with what Blair could have done at the head of those Marylanders, West Virginians, Tennesseans, Kentuckians and Missourians. [Applause.] With them at his back he could have marched to the frozen ocean! [Applause.]

And yet every time a man says a word about a man being a Union man in Kentucky, or Missouri, or West Virginia, or Tennessee, or a rebel either, some fellow who was safely housed during the war gets up here and grins at him, and I am tired of it, and I am going to vindicate the border soldier.

It was very easy to be a Union man in the State of Maine; the truth is it was very unhealthy to be anything else. It was very easy to be a rebel down in the State of Mississippi; it was very dangerous to be anything else down there; but in Kentucky and Missouri, during the war, a man had to feel of his topknot when he got up in the morning to see if, like the flag of his country, it was still there. [Laughter.]

Mr. SIBLEY. What about a baldheaded man?

Mr. CLARK of Missouri. Mr. Chairman, I want to tell you about an arithmetic class I was in when the war began. [Laughter.] I was 11 years old. As a boy I was a pretty good arithmetician, a sort of lightning calculator. A strolling phrenologist from England came through there and established a school. [Great laughter.] His name was Charles R. Whittier. I love to think of him. He was the best teacher I ever saw. He built up a reputation as a man who could teach arithmetic. There were three grown men in that class. I was a little boy and they made a great pet of me. I am going to tell you about two of those men, maybe the third. When the war began there was a man in that class by the name of Orville B. Young. I want his name to go down in this record, and it will go down in history before I get through with him. He was 30 years of age. He studied for a month to see whether he ought to become a minister of the gospel of the Christian Church, vulgarly called the "Campbellite Church," or whether he ought to enlist in the Federal Army in the defense of his country.

He studied that matter. I know he did it conscientiously. God Almighty never made a better or a braver man. He is dead now and gone to heaven. Finally he decided that he ought to enlist in the Federal Army as a private soldier. He enlisted in John M. Harlan's Tenth Kentucky Infantry. This was after Rousseau and Morgan and Wolford had taken out the dare-devils. It was after Seward's ninety days' picnic, when lawyers, doctors, and merchants were leaving their business and farmers were leaving their farms, and when men were leaving their wives and children to enlist in the Federal Army. Young went to Lebanon and enlisted, and as he went to enlist his brother-in-law Squire Land, went along with him. Young was to marry Land's sister after the war, if he lived. [Laughter.] Land got drunk. [Laughter.] When Young held up his hand to be sworn in, Land held up his hand and got sworn in, too; but got sworn in accidentally. [Laughter.] The next morning, after he found he was in the Army, he said, "Now that I am in, I will do anything in the world except charge breastworks." Finally, down at Jonesboro, when they were ordered to charge the breastworks, Land went to the sutler's wagon. Young served his three years. He was the man who placed the Union flag on the rebel breastworks at Jonesboro. Congress passed a resolution giving that man a gold medal for heroic conduct on the field of battle. [Applause.]

General Sherman sent for him and wanted to make him a captain, and he said: "I did not come into the Army for an office. I am going to quit when I serve my three years out." And he did not take it. Talk about "obscure heroes!" Why a man like that deserves to rank with Havelock as a Christian soldier. [Applause.] Talk to me about "border men," "obscure heroes!" [Laughter and applause.]

I want to tell you about another fellow in that class—Big Isaiah Coulter. He was 6 feet 6 inches tall, and looked like an Indian. I think he must have had Indian blood in his veins, for his hair was as black as a raven's wing. I love to think about him. He petted me when I was a child. A man who is kind to a child is not a bad man. He enlisted in that organization known as Sue Munday's guerrillas, as they were called in Kentucky. He loved that predatory warfare. He had fifty in his command. When they got any of Sue Munday's gang they hanged them. They barred

them from the rules of warfare, and I never thought that was fair.

Finally, when Quantrell was killed at Shelbyville, Big Isaiah was with him, and was shot right square through the body with a minie ball. He knew that if they caught him they would hang him, so he made a fellow take a ramrod, tie a silk handkerchief at the end of it, and shove it clean through his body in the track of the ball. Then he put knots on each end, and got on one of Alexander's thoroughbred stallions and rode him 30 miles to where his aunt lived, and contracted pneumonia and died. Talk to me about obscure heroes! That country is full of them. [Applause.]

I want to tell you about another one. Out in my country there is a Republican that I hardly knew when I saw him, but I had heard of him. He wrote me a letter, saying, "I want you to get me a pension. I am getting blind. Some of my Republican friends have told me that you would not help me to get a pension because I was in the Federal Army." I wrote back to him and said, "Your Republican friends lied. [Laughter.] I have a great deal of admiration for you, though I never saw you but once or twice." That was another obscure hero. His name was Tom Folwell. He was a private in the army under Grant. He was the first man that took a transport past Vicksburg. [Applause.] Grant made him a captain on the field of battle. I would like to know what kind of an opinion any man would have of a member of Congress who would not undertake to get a pension for a man like that, who had the courage and the skill to take the first transport past Vicksburg, and who is nearly blind. He will get his pension if I can get the Republicans to help me give it to him. [Laughter.]

I said that Harlan's regiment was made up of a different class of people—Mr. Chairman, how much more time have I left?

The CHAIRMAN. The gentleman has twenty-two minutes remaining.

Mr. TRACEY. What is this bill?

Mr. CLARK of Missouri. This is about the obscure heroes of the war. [Laughter.] Mr. Chairman, I was speaking about Judge Harlan's regiment. It was made up, as I was saying, of men who had come to the conclusion that the war meant something, men who went in to fight. They went in deliberately to stay their three years. They served under George H. Thomas. And then I want to say incidentally that more injustice has been done to George H. Thomas by the war writers than to any other man who took part in that great conflict. [Applause.]

I love to go up here to Thomas Circle and look at him on his horse. I took my little boy up there and taught him to look at and speak of General Thomas on his horse. I did that for two reasons. In the first place, that is the only respectable bronze horse in the city of Washington. [Laughter.] In the second place, it has Thomas on it, and Thomas saved the Union at Chickamauga. He was "the Rock of Chickamauga." If Thomas had not been a Virginian, if he had not been a border man, he would have been the general-in-chief of all the armies. They wrote him down, but they shall not keep him down. Harlan's regiment was in the battle of Chickamauga, and to show how pugnacious the Kentucky spirit is, I will tell you an incident. The chaplain of that regiment was a Christian militant. Harlan had been wounded and Hayes was commanding. He ordered the Chaplain to go back among the wounded, but he wouldn't do it. He rushed up to the front where the fighting was going on and shouted, "Boys, give them hell—as Colonel Hayes says." [Laughter.]

Mr. Chairman, the border men have always been "in it." Sir Edward Creasy wrote a book entitled "The Fifteen Decisive Battles of the World." I wish I could whisper to him to add a postscript making the number sixteen. It was not Saratoga, it was not Yorktown, that decided the American war of the Revolution; it was King's Mountain. That was where the British lion met his death on the American continent, at the hands of a handful of backwoodsmen, the same kind of men as Wolford and Morgan. Somehow they found that Major Ferguson, a brave Scotch major, had been sent out in that direction by Cornwallis to punish them for something. Ferguson's men stopped to eat breakfast, or dinner, or supper, I have forgotten which, on a place called King's Mountain. Isaac Shelby, John Sevier, Alexander Campbell, Major Williams, and Major Cronace, and others, with 810 Virginia, Tennessee, and Kentucky militia, got around King's Mountain and performed the most remarkable feat ever performed on any mountain.

Eight hundred and ten backwoodsmen, huntsmen, squirrel shooters, men who could hit a squirrel at a hundred yards, were there, in that thickly wooded country, every fellow behind a tree, with the flower of the British army in their front. Gradually they drove the British to the top of the mountain, each one killing his man every time, and when they got through I don't know whether there was a man left of the enemy to tell the tale. I have forgotten. [Applause.] Obscure heroes! [Laughter.] Why, sir, very few of the men on the other side who laughed at me the

other day had ever heard of John Sevier or Isaac Shelby or men like them. Now, Mr. Chairman, what does America owe to such men? Are they obscure, and does any man blame me for being proud of the fact that I was born and reared among such a people as that, the people that are found in West Virginia and Kentucky and Missouri, Maryland, and Tennessee.

I said that I lived in Kansas.

A MEMBER. How did that happen?

Mr. CLARK of Missouri. I went out there with Mr. HUDSON, who sits over there on the other side of the House, to practice law. He and I were in a law school together. Instead of going where we intended, I went to Wichita (which has been built up where the two Arkansas rivers come together), the year after the grasshoppers had eaten the State up. That year the blossoms dropped from the trees; and everybody thought it meant a coming incursion of the grasshoppers. I left the State to keep clear of the grasshoppers. A fellow at the Kentucky University paid me \$25 to write a speech for him; and that is the way I got out of the State. [Laughter.]

Now, there is one funny circumstance about this matter. I have a good deal of sympathy, I will say by way of preliminary, with Mr. SIMPSON on the other side of the House. Last summer I was going home on the train, and when I got tired of having nobody to talk to I went into the smoker and entered into conversation with a man I found there. I asked him where he was from? He said: "I am from Hutchinson, Kans." Then I asked him about the salt wells there, and matters of that kind. Said he: "You seem to know a good deal about Kansas." I replied: "Yes; I went out there to practice law, and I left because the grasshoppers drove me out of the State; and I don't believe there has been a grasshopper in the State since." He looked very serious for a minute or two, and then said: "No, there have not been any grasshoppers there since; but we have got something out there that is a d—d sight worse than grasshoppers." "Good Heavens!" said I, "what is it?" "Why," said he, "it is JERRY SIMPSON." [Laughter.]

But, Mr. Chairman, I want to say—and I might just as well talk about JERRY SIMPSON as anything else—I want to say that when I came into this House I had the newspaper idea about JERRY SIMPSON. Finally he got up here and made a speech on the silver question. I listened to that speech; and I want to say now, because somebody ought to state it to the American people, as SIMPSON and I are going out together [laughter], that during the whole of that long, able, profound debate on the silver question there was not a man in this House on either side who delivered a speech that was pitched on a higher plane of political economy and human philosophy than that of Mr. SIMPSON. [Applause.]

They say that "an open confession is good for the soul." I want to make that statement now. From that day to this, instead of having the newspaper idea of JERRY SIMPSON that he is a rantankerous, ad captandum demagogue, I have regarded him as a philosopher, as a statesman, as one of the friends of human freedom. [Applause.]

A MEMBER. Why don't you save this for his eulogy when he dies?

Mr. CLARK of Missouri. No, sir; I am going to say it while he is living. There is an old maxim, "Say nothing about the dead except what is good." That maxim ought to be reversed. It does not make any difference what you say about a dead man; he is dead, and you can not make him any deader. [Applause.] That maxim ought to read, "Say nothing about the living except what is good." [Applause.]

Now, I do not know what party SIMPSON is going to train with in the future. The truth is, it is very hard to tell what the political future in this country is going to be. [Laughter and applause.] I do not care what party he trains with; I do not care what anybody says about him; I hail him as my brother, because he loves the human race; he has fought for it here; he has rendered it conspicuous service here. [Applause.]

Mr. Chairman, how much more time have I?

The CHAIRMAN (Mr. DOCKERY). Ten minutes.

Mr. CLARK of Missouri. All right.

Obscure heroes, Mr. Chairman! [Laughter and applause.] Now, I do not want my time wasted by applause; I shall be obliged to gentlemen if they will not applaud me any more.

Obscure heroes! I have snatched a few of them from obscurity in these forty-five minutes. I want to talk to you about another of that class.

The first major-general that I ever saw—one of the handsomest men that ever lived—was Lovell H. Rousseau. God bless his memory! That man took eight or ten dare-devils out of every county in Kentucky—men who were determined to get into the war just as soon as there was a gun fired. He could not even drill them in Kentucky, but took them across the river, either to New Albany or Jeffersonville. Which was it, General? [Addressing Mr. SICKLES.]

Mr. SICKLES. Jeffersonville.

Mr. CLARK of Missouri. He formed them into Rousseau's

Louisville Legion. After that General Rousseau was elected to Congress. While serving here he broke a cane over some fellow's head—a thing that ought to be done a good deal oftener than it is. [Laughter.]

A MEMBER. Was it a Republican that he struck?

Mr. CLARK of Missouri. Yes; it was a Republican head that he broke the cane over. [Laughter.]

Now, they were going to expel him from the House on account of that transaction. He resigned, went back home, and appealed to his people for reelection; and to show how Kentuckians feel in such matters, they would not allow any man of any party to run against him. [Laughter and applause.] When he had broken that Michigan Republican's head with a cane it made him so popular in his district that they would not let a single solitary man ever run against him for anything. [Laughter and applause.] They reelected him, and at a mass meeting held in the city of Louisville, Ky., they presented him with a gold-headed hickory cane. [Laughter and applause.] The President of the United States appointed him to be military governor of the State of Louisiana. To show you the feeling of the people of this country toward a Federal general and the military governor of a great State, when he behaved himself so much like a gentleman, the fact is that when he died of the yellow fever in that city he was followed to the grave by the universal sorrow and regret of all of the people of that great city of New Orleans. [Applause.] Obscure heroes! [Laughter.] If that man had lived up in Massachusetts, my God, how many books would have been written about him! [Renewed laughter.]

One time, and this is another illustration, a Michigan general undertook to lecture old Wolford about not keeping up his military harness and war gear. Finally he got the old general mad. They were camped about where my friend McMILLIN lives in Tennessee. Wolford said at last, "Damn you, I didn't come down here to steal negroes; I came to fight. My regiment is not very good for dress parade, but if you bring out the three best Michigan regiments you have got I will run them out of Tennessee before sundown." [Laughter.] Obscure heroes! [Renewed laughter.]

Out in Missouri, Mr. Chairman, there lived a man—two of them—that I love to talk of, and I never will tire of talking of them, "Old Pap" Price, on the rebel side, and Frank Blair. Gen. Sterling Price was called "Pap" by his soldiers because he exercised a tender fatherly care over them. No braver man ever commanded an army, no more honorable gentleman ever drew his sword, no truer American ever lived. When he sent part of his army under Frank Cockrell to Beauregard at Corinth, Jefferson Davis pronounced the Missourians the finest body of men he had ever seen! [Applause.] Frank Blair was fit to have ridden "with Spotswood round the land and Raleigh round the sea." I always think of him as an antique hero just stepped out of the borderland—that borderland of which Walter Scott wrote—as a man who had stepped out of the pages of one of his novels. He was born rich. He and his father were distinguished, and his mother also. Coming from that old Kentucky stock that I hope will never die out, he went into the war when a child—and that is the way they do down there—into the Mexican war. After the war he located in St. Louis, practiced law, made a fortune, and married rich.

Somehow or other he took it into his head that slavery was a bad institution. It was an extremely dangerous theory to hold in that particular locality at that time. But he held it, and was not afraid to proclaim it. And here is an instance in proof of the honesty of the views he entertained and of his leonine courage. He and Samuel T. Glover, the most belligerent man in the State, went to the town of Hannibal to make a speech—what was called a "free nigger" speech at that time. A mob assembled and made so much noise and confusion and disorder that Glover could not make his speech. But Frank Blair had come there to make a speech, and he commenced, and he had not been talking for more than a minute and a half, when somebody hit him plump in the middle of the forehead with an egg. Most men under such provocation would have got mad and quit. But he never stopped. He only wiped off the egg, threw the froth remains of it on the ground, and proceeded with his speech. [Applause.]

He never alluded to it. The courage of it was recognized, and everybody admired the act. You can not get away from facts, and it is a fact that that mob that went there to stone him stayed to applaud. That is the kind of a man he was. When the war began Frank Blair saved Missouri to the Union. That cannot be stated too often. He raised a regiment; went into the Army; fought his way to a high grade; was Lincoln's special friend in Congress, and is regarded by the bookmakers of the United States, these New England war historians, as an "obscure hero!"

I suppose to-morrow I will be flayed in a hundred papers. [Laughter.] I want to state before I finish, Mr. Chairman, an idea that I started on yesterday. The mistake that Jefferson made, the mistake that Madison made, the mistake that John Randolph made, the mistake made by Calhoun, Hayne, John C. Breckin-

ridge and all of that great, glittering line of heroes and statesmen of the South made was that they did not go into the bookmaking business. [Laughter.] If children read books they will get ideas into their heads from that reading. I found a boy in a hotel in Keokuk last fall, when I was there one night, reading somebody's history of the United States that absolutely made it plain that Madison and Jefferson hated the Government, and that Alexander Hamilton took the people by the throat and rammed the Constitution down it. He asked me some questions about history and what I thought of it. I said, "If you want to know the history of this country you take that book and burn it up." [Applause.]

If the Marylanders, Virginians, Kentuckians, and Missourians had only written more books, so many of their great statesmen and heroic soldiers would not be sleeping in forgotten graves. [Applause.] [Here the hammer fell.]

Let There be no Premium Placed upon the Forgery of Public Records for the Purpose of Deceiving the People.

SPEECH

OF

HON. JOHN C. HOUK,

OF TENNESSEE,

IN THE HOUSE OF REPRESENTATIVES,

Monday, December 17, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8230) making appropriations for the support of the Army for the fiscal year ending June 30, 1895, and for other purposes—

Mr. HOUK said:

Mr. CHAIRMAN: I desire to make some remarks on the pending bill providing money for the support of the Army, and for other purposes, with the hope that Congress and the country may see the necessity of enacting into law a proposition which I am thinking of offering as an amendment to the bill under consideration.

Strange to say, sections 5418 and 5479 of the Revised Statutes provide for the punishment of persons falsely making, forging, altering, or counterfeiting military and naval commissions or discharges or other public records for the purpose of defrauding the United States, while there is no provision whatever anywhere in our Federal laws for the punishment of persons who commit these acts for the purpose of deceiving the public.

To cure this defect in the law, on August 15 of this year I introduced the following bill, which was referred to the Committee on the Judiciary, but no action as yet has been taken by that committee:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every person who falsely makes, alters, forges, or counterfeits any commission as an officer in the United States Army or Navy, or any discharge from the United States Army or Navy, or other public record, for the purpose of defrauding the United States or deceiving the public, or utters or publishes as true any such false, forged, altered, or counterfeited commission as an officer in the United States Army or Navy, or discharge from the United States Army or Navy, or other public record, for such purpose, knowing the same to be false, forged, altered, or counterfeited, or transmits to or presents at the office of any officer of the United States, or in any way uses such false, forged, altered, or counterfeited commission as an officer in the United States Army or Navy, or discharge from the United States Army or Navy, or other public record, knowing the same to be false, forged, altered, or counterfeited for such purpose, shall, on conviction thereof, be imprisoned at hard labor for a period not more than ten years, or be fined not more than \$1,000, or be punished by both such fine and imprisonment, and that any such false, forged, altered, or counterfeited public record or records herein described shall be seized and destroyed.

No more appropriate way of making this bill the law could be adopted than by adding it as an amendment to the pending Army appropriation bill.

It is the duty of Congress, by all necessary legislation, to guard and protect the records of the Government against forgery and counterfeiting, whether committed for the purpose of defrauding the Government itself, or for the purpose of deceiving the public at large, who compose the Government.

To forge a public record for the purpose of defrauding the Government is no greater moral crime than to forge a public record for the purpose of deceiving the public at large. A man who would commit the one deed would commit the other. Then why not prescribe a penalty for the one crime as well as the other?

Certainly Congress ought not to punish the man who forges a public record in order to defraud the Government and then by an act of omission license another man to forge as many public records as he pleases for the purpose of deceiving the public just so long as he does not pass or attempt to pass them on the Government directly. The dignity and best interests of the General Government demand the extension of our penal laws so as to cover the crime referred to.

I will illustrate the utter inefficiency of the Federal laws. John Smith forged a commission as an officer on the staff of General Grant and an honorable discharge or muster out signed by General Sherman. Mr. Smith never attempted to pass these forged papers on the Government for purposes of fraud, but he did use them for twenty-five years openly and notoriously for the purpose of deceiving the people of a whole State or Congressional district.

John Smith was never in the Army as a soldier in any manner, form, or fashion, yet he persuaded the public to believe his papers genuine and make him governor or Congressman because of their genuineness. In such a case as this there is no law punishing the impostor for his forgeries.

This illustration is not exaggerated or overdrawn. In order to convince Congress that my suggestion should become the law at once, by being added as an amendment to the pending bill, I will give a full, complete, and plain history, pro and con, from the record of the most startling and remarkable case of the forgery of a public record known to the annals of crime.

The novelist who desires to base a story upon facts of record could find no better material from which to draw than that to be found in this case, covering thirty long years of studied deception, involving forgery, moral perjury, and kindred crimes committed to secure high public station.

While the chief actor of this drama played the villain's part with admirable audacity and a degree of skill and success, he can but excite pity and contempt.

Considering his station and the objects for which he committed his misdeeds, a well written story of the "chief of Hooker's staff," based on the record he has made, would develop him into the most ludicrous but most interesting character now known to the literary world.

He has presented to the War Department the most wonderful and the boldest scheme of deception and fraud it has ever had experience with, but the War Department can not prosecute him because he refuses to pass upon the Government the commission and discharge which he filed with the Grand Army of the Republic and subsequently withdrew after exposure. You have but to investigate to be astounded at the audacity of the man and the weakness of our laws relating to the forgery of public records. To give Congress and the country a fair general understanding of the Gibson fraud, I will first present the following bill which I introduced on August 11, 1894:

A bill providing for the punishment of persons falsely making, forging, altering, or counterfeiting military and naval commissions or discharges or other public records for the purpose of defrauding the United States or deceiving the public, etc.

Whereas the following bill for the relief of Henry R. Gibson was introduced in the House of Representatives by Mr. HOUK of Tennessee on June 12, 1894, and in the Senate by Mr. HANSHROUGH of North Dakota, on June 16, 1894, and referred to the Military Committee of the respective Houses of Congress:

"A bill to perfect the military record of Henry R. Gibson."

Whereas Henry R. Gibson has made oath before a court of inquiry of the Grand Army of the Republic that he holds in his possession a true copy of an original and genuine commission as an officer in the Army of the United States, which commission is as follows, to wit:

"HEADQUARTERS ARMY OF THE POTOMAC,
"Camp near Falmouth, Va., March 17, 1863.

"Special order.

"1. Henry R. Gibson is hereby appointed a special aid-de-camp, with the rank of first lieutenant, and will be respected and obeyed accordingly.

"2. He will report for duty forthwith to Capt. A. P. Bilyeu, C. S. Vols., at Aquia Creek, Va., in accordance with verbal instructions.

"By command of Major-General Hooker.

"(Signed)

A. A. WOODWARD,
"Captain and A. A. G."

"Lieutenant Gibson will take and subscribe to inclosed oath and forward the same to headquarters.

"(Indorsed.)"

"HEADQUARTERS ARMY OF THE POTOMAC,
"Falmouth, March 17, 1863.

"Order of general commanding appointing Henry R. Gibson first lieutenant and aid-de-camp.

"I reported to Capt. A. P. Bilyeu, C. S. Vols., March 17, 1863, as ordered, and returned the oath to headquarters.

"(Signed)

HENRY R. GIBSON,
"First Lieut. and Aid-de-Camp."

And whereas he also has made oath before a court of inquiry of the Grand Army of the Republic that he holds in his possession an original and genuine honorable discharge from the Army of the United States, which honorable discharge is as follows, to wit:

"MILITARY HEADQUARTERS, DISTRICT OF DELAWARE,
"Wilmington, August 4, 1865.

"Special Orders.

"In obedience to the order of the Hon. Secretary of War, the following officers on duty in this district are this day honorably discharged from the service of the United States by reason of the termination of the war:

"(1) First Lieut. Henry R. Gibson, C. S. Vols., with the brevet rank of captain. He will turn over all United States property in his possession to Col. Joseph G. Crane, C. S. Vols., Baltimore, Md.

"(Signed)

S. M. BOWMAN,
"Col. 84th Pa. Vols., Commanding."

"And whereas said Gibson claims to have gallantly served as an officer in the Union Army on the staff of Maj. Gen. Joseph Hooker, or otherwise, from March 17, 1863, to August 4 (or 5), 1865, and to have participated in various hard-fought battles, such as Gettysburg, Fredericksburg, Chancellorsville, and the Monocacy; and

"Whereas said Gibson made the following applications based upon the aforesaid commission and honorable discharge, to the Ed. Maynard Post, Grand Army of the Republic, Tennessee, and was admitted to full membership in that post, to wit:

"First application, December 18, 1884:

"To the officers and members of Ed. Maynard Post, No. —,
Department of Tennessee and Georgia, G. A. R.:

"I have the honor to make application for membership in said Post, No. —, Department of Tennessee and Georgia, Grand Army of the Republic, basing my application on the following facts:

"I am 44 years of age, and was born in Queen Anne County, State of Maryland, now residing at Knoxville, in the State of Tennessee; am by occupation a lawyer.

"I served during the late rebellion as follows:

"First appointed March 17, 1863, as aid-de-camp on the personal staff of Gen. Jos. Hooker for the period of — years, and was discharged therefrom as A. C. Sub., at Wilmington, Del., on the 5th day of August, 1865, by reason of the termination of the war, serving at the time as acting commissary of subsistence of volunteers.

"I have never borne arms against the United States and have never been convicted by court-martial of desertion, nor of any other infamous crime.

"I have not made previous application for membership to the Grand Army of the Republic. Filed with Ed. Maynard Post, No. —, Department of Tennessee and Georgia, on the 18th day of Dec., 1884.

"(Signed)

HENRY R. GIBSON,
"Residence, No. 49 Broad st."

"A true copy of the original now on file in Ed. Maynard Post, No. 14, Dept. of Tenn., G. A. R.

"(Signed)

E. W. ADKINS, *Adj't.*

"[Seal of the post.]

"Second application, February —, 1885:

"To Ed. Maynard Post, No. 14,
Department of Tennessee and Georgia, G. A. R.:

"I have the honor to make application for membership in Ed. Maynard Post, No. 14, Department of Tennessee and Georgia, Grand Army of the Republic, basing my application on the following facts:

"I am 45 years of age, and was born in Queen Anne County, State of Maryland, now residing at Knoxville, State of Tennessee, and by occupation lawyer.

"I served during the late rebellion as follows:

"First enlisted March 17, 1863, as first lieutenant on staff of Gen. Jos. Hooker, for the period of — years, and was discharged therefrom as capt. C. S. V., at Wilmington, Del., on the 4th day of August, 1865, by reason of termination of the war.

"I have never borne arms against the United States, and have never been convicted of desertion nor of any other infamous crime.

"I have made previous application for membership to the Grand Army of the Republic. Filed with Ed. Maynard Post, Department of Tennessee and Georgia, on the — day of February, 1885.

"(Signed)

HENRY R. GIBSON,
"Residence, No. 49 Broad st."

"True copy of the original now on file in Ed. Maynard Post, No. 14, Department of Tennessee, Grand Army of the Republic.

"(Signed)

E. W. ADKINS, *Adjutant.*

"[Seal of the post.]

"[Indorsed on the back: 'Mustered April 17th, 1885. No. on Des. Book: 42.]

"HEADQUARTERS GRAND ARMY OF THE REPUBLIC,
"Lynn, Mass., March 14, 1894.

"I certify that the annexed are true copies of the application for admission to Ed. Maynard Post, No. 14, Department of Tennessee, G. A. R., of Henry R. Gibson, on file with the evidence and records of the court of inquiry convened by Special Order No. 3, from these headquarters, dated Nov. 8, 1893, to inquire into said Gibson's eligibility for membership in the Grand Army of the Republic.

"(Signed)

JAS. F. MEECH,
"Adjutant-General.

"And whereas charges were filed in said Ed. Maynard Post that the aforesaid commission and honorable discharge are fraudulent, bogus, or forged, and said Gibson was expelled from the Grand Army of the Republic in the following official order, to wit:

"HEADQUARTERS DEPARTMENT OF TENNESSEE,
"GRAND ARMY OF THE REPUBLIC,
"Knoxville, Tenn., Jan. 23, 1894.

"General Orders No. 8, Series 1893-1894.

"1. The following special order from the commander in chief is published for the information of the comrades of this department:

"HEADQUARTERS GRAND ARMY OF THE REPUBLIC,
"Lynn, Mass., Jan. 20, 1894.

"Special Order No. 5.

"1. The proceedings of the court of inquiry, convened by Special Order No. 3 from these headquarters, to examine into the membership of Henry R. Gibson, of Ed. Maynard Post, No. 14, Department of Tennessee, has been reviewed by the judge-advocate-general, who finds as follows:

"First. That the appointment of the court of inquiry to ascertain the eligibility of Henry R. Gibson to membership in the Grand Army of the Republic was lawful and a proper exercise of power by the department commander, under the direction of the commander in chief.

"Second. That the court of inquiry, having ascertained and reported all facts bearing upon the matter under inquiry, after a full and fair hearing, in which the party whose eligibility was being inquired into had every opportunity to be heard, the commander in chief is authorized to make a finding of facts, and act upon such finding without obtaining a finding from the court.

"Third. That the only finding warranted by the evidence, as presented in the records of this case, is that said Henry R. Gibson served merely as a commissary clerk during the war of the rebellion, and not as an officer or soldier, and that the appointment and discharge, which the said Gibson pretends to hold, are spurious and fictitious and entitled to no credit whatever.

"Therefore, the findings of the judge-advocate-general are approved, and it is hereby ordered that Henry R. Gibson be dropped from the rolls of Ed. Maynard Post, No. 14, Department of Tennessee, Grand Army of the Republic, as he is ineligible to membership under our rules and regulations.

"Comrade Frank Seaman, commander Department of Tennessee, Grand Army of the Republic, is hereby charged with the execution of this order.

"By order of John G. B. Adams, commander in chief.

"Official:

JAS. F. MEECH,
"Adjutant-General.

"2. The commander of Ed. Maynard Post, No. 14, is hereby ordered, at the first meeting of said post after the receipt of this order, to direct that these

General Orders, No. 8 be entered in full on the post records; and also direct that the name of Henry R. Gibson be dropped from the roll of membership, as ordered by the commander in chief. The commander of Ed. Maynard Post, No. 14, will make official report to these headquarters, without delay, of the execution of this order.

"3. The department court of inquiry, convened by Special Orders, No. 11, from these headquarters, dated November 23, 1893, 5 o'clock p. m., and composed of Comrades Thos. H. Reeves, Post 35, president; W. T. Mitchell, junior vice department commander, Post 8; Luke Harvey, Post 14, and Wm. J. Ramage, Post 14, recorder, is hereby dissolved. The department commander returns thanks to the members of the court for the faithful performance of the duties assigned them.

"By command of Frank Seaman, department commander.

"CHAS. H. OGDEN,
"Assistant Adjutant-General.

"And whereas said Gibson claims that his expulsion was not warranted by the facts and was brought about by improper and corrupt means on the part of the officials of the Grand Army of the Republic, namely, the department commander, the commander in chief, and his judge-advocate-general, and that the proof showed that he was commissioned as an officer of the Federal Army on the staff of Maj. Gen. Joseph Hooker and received an honorable discharge from the military service of the United States; and

"Whereas said Gibson has proposed to appeal from the action of the officials expelling him from the Grand Army of the Republic to the national encampment of that order, which convenes in Pittsburg, Pa., on September 10, next; and

"Whereas the aforesaid commission and honorable discharge, for some peculiar reason, are not of record in the War Department, and said Gibson, as a result, is now being publicly charged with being a hypocrite, fraud, and forger, pending his proposed appeal to the national encampment; and

"Whereas said Gibson claims that the aforesaid Ed. Maynard Post passed a resolution that it had fully investigated his military record and found the same to be correct and his commission and honorable discharge to be genuine; and

"Whereas said Gibson in justice is entitled to have his said commission and honorable discharge, if genuine and not bogus, fraudulent, or forged, recorded and recognized by the War Department of the United States; and

"Whereas said commission and honorable discharge, if bogus, fraudulent, or forged, and not genuine, in justice to the United States Government, the public at large, and the Grand Army of the Republic, should be exposed as such: Therefore, in order to give said Gibson an opportunity to come before the Committee on Military Affairs of the House of Representatives of the United States Congress, and urge and secure the passage of a law which will compel the Secretary of War to receive and record his commission and honorable discharge, if genuine, and otherwise correct his military record, if he has any,

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of War be, and he is hereby, authorized and directed to spread or record the commission of Henry R. Gibson as an officer of the Union Army on the staff of Major General Joseph Hooker, and the honorable discharge of said Gibson from the military service of the United States, when the same are presented by said Gibson, upon the permanent records of the War Department, and certify to said Gibson, under the official seal of the Department, said action, when completed.

"SEC. 2. That the Secretary of War be, and he is hereby, further authorized and directed to recognize said Gibson as a first lieutenant and commissary of subsistence volunteers, with the brevet rank of captain, as he is recognized in his honorable discharge; *Provided, however,* That there are no facts or records in the possession of the War Department which show conclusively the commission and honorable discharge of said Gibson to be 'fraudulent,' or 'spurious and fictitious and entitled to no credit whatever,' or that said Gibson did not serve as a soldier in the Union Army between March 17, 1863, and August 4 (or 5), 1865; and

"Whereas the Committee on Military Affairs of the House of Representatives referred the bill introduced by Mr. HOUK to the Treasury Department in the following words, to wit:

"Respectfully referred to the honorable Jno. G. Carlisle, Secretary of the Treasury, with the request that he furnish to the Military Committee of the House of Representatives a full and complete statement, giving dates, of the positions held, services performed, and compensation received, as shown by the records of the Third Auditor's Office, by Henry R. Gibson, between March 17, 1863, and Aug. 5, 1865, and by whom he was employed, and whether he was detailed at any times between these dates from the staff of any military officer to do duty in the Commissary Department as a clerk; and

"Whereas the Treasury Department responded in the following letters to wit:

"TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
"Washington, D. C., June 14, 1894.

"Hon. JOSEPH H. OUTHWAITE,

"Chairman Committee on Military Affairs,
"House of Representatives.

"SIR: I have the honor to transmit herewith copy of letter of the Third Auditor in reply to yours of the 7th instant, inclosing House bill No. 7366, to perfect the military record of Henry R. Gibson.

"The bill is returned herewith.

"Respectfully, yours,

"S. WIKE,
"Acting Secretary.

"TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
"Washington, D. C., June 18, 1894.

"Hon. JOHN G. CARLISLE,

"Secretary of the Treasury:

"SIR: I have the honor to return the within communication addressed to you by Hon. J. H. OUTHWAITE, chairman Committee on Military Affairs, House of Representatives, together with its inclosure, 'H. R. 7366: A bill to perfect the military record of Henry R. Gibson,' and in reply to Chairman OUTHWAITE's request that his committee be furnished with a full and complete statement, giving dates of the positions held, services performed, and compensation received, as shown by the records of this office, by Henry R. Gibson, between March 17, 1863, and August 5, 1865, and by whom he was employed, and whether he was detailed at any time between these dates from the staff of any military officer to do duty in the Commissary Department as a clerk. I have to state that the name of Henry R. Gibson as an officer does not appear on the records, or in the files of this office; neither have I found his name in the Official Army Register (regulars), nor in the Official Register of the Volunteer Force of the United States Army.

"From an examination of the accounts of A. P. Bilyeu, captain and commissary of subsistence, volunteers, it is found that Henry R. Gibson was a civilian employee in the office of Capt. Bilyeu, as follows, viz: From March 28 to 31, 1863, as asst. clerk, at a compensation of \$50 per month; and as clerk

from April 1 to June 30, 1863, at a compensation \$65 per month; from July 1 to October 31, 1863, at a compensation of \$75 per month; and from January 1, 1864, to July 2, 1865, inclusive, at a compensation of \$90 per month.

"Capt. Bilyeu resigned July 2, 1865, and, so far as known to this office, Mr. Gibson rendered no service in the Commissary Department, or in any other of the staff departments of the Army subsequent to July 2, 1865.

"It will be observed that Mr. Gibson was employed and paid as a civilian employee. I am not cognizant of any law or Army regulation under which a commissioned officer could be detailed on duty as a clerk; so that if he was a commissioned officer, as alleged, he was not entitled to payment for services as a civilian employee; and if he was a noncommissioned officer or private, and detailed on extra duty as a clerk, he was not entitled to any compensation therefor, the allowance having been prohibited by the act of March 3, 1863.

"Respectfully, yours,

"SAM'L BLACKWELL, Auditor."

"And whereas the Committee on Military Affairs of the House of Representatives also referred said bill to the War Department in the following words, to wit:

"The inclosed bill is respectfully referred to the honorable Secretary of War with the request that he furnish to the Military Committee of the House of Representatives the following information:

"1st. A full and complete statement of all records, letters, and facts in the possession of the War Department bearing on the military career of Henry R. Gibson, the genuineness of his alleged commission and honorable discharge, and the justice of his claim to have been a soldier in the United States Army during the rebellion, as set forth in the preambles of the bill.

"2d. Whether Henry R. Gibson has ever made application to the War Department to have his alleged commission and honorable discharge placed on record, or to have his alleged military record amended or corrected in any way.

"3d. Whether the War Department is now or has ever been in possession of the original papers which Henry R. Gibson claims to be his commission, and honorable discharge.

"4th. Whether, in the judgment of the honorable Secretary, the claims of Henry R. Gibson are sufficiently supported and well founded to justify Congress in passing the accompanying bill."

"And whereas the War Department made the following reply, to wit:

"Relief of Henry R. Gibson.

"WAR DEPARTMENT.

"Washington City, June 15, 1894.

"The chairman of the Committee on Military Affairs,
House of Representatives.

"SIR: Referring to your letter of the 7th instant, requesting certain information relative to the bill (H. R. 7366, 53d Congress, 2d session) to perfect the military record of Henry R. Gibson, I beg to inform you that after careful search no record has been found that Henry R. Gibson was in the military service of the United States during the war of the rebellion, either as an officer or as an enlisted man.

"It appears, however, from Gibson's own statement, that he was a civilian employee of the Commissary Department of the Army, and in a report from the 3d Auditor of the Treasury, not on file, but referred to in the correspondence records of this Department, it is stated that he was paid as such civilian employee from March, 1863, to July, 1865.

"Mr. Gibson's statement, to which reference has been made, and in which he declares that he was 'never regularly in the U. S. service during the war,' was addressed to the Secretary of War from Knoxville, Tenn., July 12, 1866, and reads as follows:

"On the 30th of November, 1864, I applied for a commission as capt. and C. S. Vols., said application being indorsed by Capt. A. P. Bilyeu, C. S. Vols., chief com'm'y for the dist. of Del. and E. shore of Md. by Col. S. M. Bowman, commanding said dist., by Lieut. Col. Joseph G. Crane, chief C. S. 8th Army Corps, by Lieutenant-Colonel S. C. Benham, chief C. S. department Arkansas and 7th Army Corps, and by Brigadier-General Henry G. Thomas, U. S. Vols., and was forwarded to you by Governor Fenton, of New York.

"At the time of making the above application, for two years previously and for nine months subsequently, I was chief clerk to Capt. A. P. Bilyeu, C. S. Vols., and had been assigned to many difficult, arduous, and perilous duties, arising out of my captain's peculiar duties as officer in charge of the beef cattle of the Army of the Potomac, then as connected with the organization of colored troops in Maryland and Delaware, and lastly as chief C. S. of district of Delaware and east shore of Maryland. The indorsements established my efficiency under the above circumstances.

"Being a citizen of South Carolina, and one of her few loyal sons, earnestly praying and working, in my humble capacity, for the success of the Federal armies, I was naturally anxious to be recognized by my country as one of her defenders, and would have enlisted had I not been persuaded by officer friends (some of whom indorsed my application) to continue as commissary clerk, they promising to use their influence to obtain for me a commission of capt. and C. S. V. My application was postponed from time to time until November 30, 1864, when it was written and sent round to be indorsed by those in authority who deemed me deserving. But we awoke one bright April morn., and the war was over, the rebellion was dead, the old flag had triumphed; and this I suppose decided the chances against me.

"Now, sir, upon this brief statement of facts and upon my indorsed application (which is, I believe, in your office) I respectfully request that I may be granted a commission as capt. and C. S. Vols., dated Nov. 30, 1864 (or earlier), and a muster-out dated July 4, 1865; and I will sign the necessary papers to deprive myself of all compensation for said period, or will accept the commission on condition that I shall receive no pay, rations, or compensation of any kind, for self or servant (said condition, of course, not appearing on the commission).

"This is doubtless a unique and unheard of application, but I am living in a Southern city, and feel keenly and sensitively the humiliation arising from my never having been regularly in the U. S. service during the war. That I did serve my country earnestly and well my own conscience and the voices of my superiors alike assure me; but alas! where is the proof that I ever served her at all? Any commission even of a lower grade than capt. and C. S. Vols. will be hailed as a boon, for I long to be able to say 'I too stood up for the flag of my country when rebellion arose in the land,' and long to show the triumphant proof.

"Praying, though little hoping, a favorable response, I am, sir,

"Your obedient servant,

"(Signed)

HENRY R. GIBSON."

"No action was taken by the Department upon this application of Mr. Gibson for a commission in the Commissary Department, and no record has been found of the receipt of the former application to which he refers, though a letter from Governor Fenton, dated at Albany, N. Y., Dec. 14, 1864, joining in a recommendation of Gibson for appointment as an 'asst commissary of subsistence' was received at the Adjutant-General's Office in 1868, without inclosures. No action was taken upon this communication. No record has

been found that Henry R. Gibson has ever made application to this Department to have 'his alleged commission and honorable discharge' placed on record, or to have his alleged military record amended or corrected in any way; nor has the Department ever been in possession of any original papers claimed by Mr. Gibson to be his commission and honorable discharge, but certain papers purporting to be copies of original orders left at this Dept. by Hon. JOHN C. HOUK for verification were returned to Mr. HOUK by Department letter dated January 6, 1894, in which it was stated:

"These papers appear to be copies of what purport to be special orders relating to one Henry R. Gibson. One of these 'orders,' dated headquarters Army of the Potomac, March 17, 1863, and signed A. B. Woodward, captain and A. A. A. G., relates to the appointment of the said Gibson as a 'special aid-de-camp,' and the other, dated military headquarters, district of Delaware, Wilmington, August 4, 1865, and signed S. M. Bowman, colonel 84th Pennsylvania Volunteers, commanding, purports to discharge 'First Lieutenant Henry R. Gibson, C. S. Vols., with the brevet rank of captain,' from the service.

"Both of these papers are fraudulent.

"The special order book of the Army of the Potomac, which is complete for the period in question, does not show that any such order as that submitted by you, dated March 17, 1863, was issued by General Hooker. On the contrary, the special order which was issued by General Hooker on March 17, 1863, contains thirteen paragraphs, no one of which relates to Gibson in any way. This order and all other special orders of General Hooker for the month of March, 1863, are signed by S. Williams, assistant adjutant-general. It does not appear from the records of this Department that there was any such person as 'A. B. Woodward, captain and A. A. A. G.,' on duty at the headquarters of the Army of the Potomac at this time, nor does it appear that any officer of this name was in the military service of the United States, either in the regular or volunteer Army, at any time during the late war. Furthermore, General Hooker had no authority to make such an appointment as that in question, and if he had made it it would have been void ab initio and would have conferred upon the appointee no right whatever to be recognized as being in the military service of the United States.

"Since Gibson was not in the military service he could not be discharged therefrom, and consequently the order dated August 4, 1865, purporting to discharge him would be valueless as evidence of service, even if it were genuine.

"But it is plainly fraudulent.

"Col. S. M. Bowman, Eighty-fourth Pennsylvania Volunteers, was relieved from the command of the District of Delaware on March 20, 1865, and consequently could not have issued any orders in that district subsequent to that date. In addition, it does not appear that he had authority at any time to issue an order such as that in question.

"The official record, as well as Mr. Gibson's own statement, made to the Department in writing in 1866, show conclusively that he was a civilian employee of the Commissary Department from March, 1863, to July, 1865, and had no military status whatever.

"In view of the facts in this case, as set forth in the foregoing statement, no just ground is discovered for extending to Mr. Gibson, by legislative enactment, the relief provided by the pending bill.

"Very respectfully,

"DANIEL S. LAMONT,

"Sec'y of War."

"And whereas the following letter was addressed to the chairman of the Military Committee of the House asking a hearing for Mr. Gibson:

"WASHINGTON, D. C., June 14.

"DEAR SIR: I have introduced a bill for the relief of, or to perfect the military record of, Henry R. Gibson, No. 7366 (7428).

"This case is surrounded by a most extraordinary set of circumstances, and is admitted by the War Department officials to be the most remarkable case they ever had occasion to deal with.

"Your committee is petitioned to grant Mr. Gibson the privilege of appearing before it with his papers and making a statement in his own behalf.

"Please advise me whether Mr. Gibson will be given a hearing. I think, under the exceptional circumstances, it would be an injustice not to grant him the privilege asked.

I am, very respectfully,

(Signed)

JOHN C. HOUK.

Hon. J. H. OUTHWAITE,
Chairman of the Military Committee of the House of Representatives.

And whereas the following reply was made, granting a hearing:

"COMMITTEE ON MILITARY AFFAIRS,

"HOUSE OF REPRESENTATIVES,

"Washington, D. C., June 14, '94.

"Hon. JNO. C. HOUK,
House of Representatives.

"SIR: In reply to yours of June 14, asking whether Mr. H. R. Gibson, of your district, for whom you introduced a bill (H. R. 7366 (7428)) to perfect military record, may have a hearing before this committee, I will say no doubt that gentleman will be permitted by the committee to be heard before it any time that he will present himself to the subcommittee having in charge this bill and make request that he be heard before the whole committee.

"The rule of this committee is to permit persons for whom bills of a private character have been introduced to appear first before the subcommittee to which his bill is referred. If that subcommittee disposes of the bill favorably of course there is no necessity of a hearing before the full committee. Should that subcommittee be undecided as to the report to be made upon the bill, or should they consider it of more than usual importance that the matter be heard before the full committee, upon their recommendation that it be so heard permission is always granted, and generally at the convenience of the applicant or the member representing him.

"Very truly, yours,

"(Signed)

JOS. H. OUTHWAITE,

"Chm. Com. on Military Affairs.

And whereas the chairman of the subcommittee having the bill in charge has stated that he did not feel like taking the bill up and disposing of it unless Mr. Gibson should ask it; and

Whereas Mr. Gibson has refused to come forward and ask a hearing and action on the bill for his relief, although after notice he has had sixty days in which to do so; and

Whereas after his expulsion from the Grand Army of the Republic he issued an address Feb. 8th, 1894, to the ex-Federal soldiers of the 2d Congressional District of Tennessee, in which he said:

"The national commander of the Grand Army of the Republic having decided that I am not eligible to membership in the Grand Army, and that my appointment and discharge were spurious and fictitious, and entitled to no faith or credit whatever, * * * from this decision of Commander Adams I shall appeal to the national encampment that meets next September; and

Whereas under the regulations of the G. A. R. he had six months from January 20, 1894, the date of his expulsion, within which to appeal; and

Whereas the six months expired on July 30, 1894, and the adjutant-general of the Grand Army of the Republic of the United States has certified in the following letter that no appeal was filed:

"HEADQUARTERS GRAND ARMY OF THE REPUBLIC,
"25 Exchange Street, Lynn, Mass., July 23, 1894.

"FRANK SEAMAN,
"Past Department Commander G. A. R., Knoxville, Tenn.

"DEAR SIR AND COMRADE: Replying to your favor of the 20th inst., I beg to say that no appeal in the case of Henry R. Gibson has been received at these headquarters up to date.

"I have the honor to remain, fraternally yours,
"(Signed)

JAS. F. MEECH,
"Adjutant-General."

And whereas George W. Bilyeu identifies Henry R. Gibson in a recent photograph of a group of Grand Army men as the same person who was with him employed as a civilian clerk in the commissary under his father, Aaron P. Bilyeu, chief of the commissary, and says that Henry R. Gibson was not a soldier in the Union Army between March, 1863, and July, 1865, in the following affidavit, marked Exhibit I:

"WASHINGTON, Sept. 25, 1893.

"In the photograph hereto attached, the second man from the left-hand end of the photograph, sitting on the bench in the front row, with a turn-down collar and black cravat or tie, with large ears, with a mustache and goatee, with a broad nose, with a smile on his face, with legs uncrossed and both feet on the ground or floor, without any walking cane or badge, rather small of stature, and with hands clasped across his legs, and around which figure, in the photograph hereto attached, is a mark or line drawn, which is connected by a mark or line with a mark or line running around my name attached to this statement, is the same identical Henry R. Gibson, who was a civilian employee or commissary clerk, and not a Federal soldier or officer, from March, 1863, to July, 1865, under my father, Captain A. P. Bilyeu, C. S., U. S. Vols.
"(Signed) GEORGE W. BILYEU."

"Witnesses: J. A. CRUSE, W. A. MILLIKEN.

"DISTRICT OF COLUMBIA,
"County of Washington, ss:

"On this the 25th day of September, A. D. 1893, personally appeared before me, Albert C. Floyd, notary public, the undersigned authority, George W. Bilyeu, who, in my presence, subscribed to the foregoing statement and made solemn oath that said statement was the truth, the whole truth, and nothing but the truth, and that it was made of his own free act and deed.

"Witness my hand and official seal, this the 25th day of September, A. D. 1893.

"(Signed) ALBERT C. FLOYD, Notary Public.
"Seal: Albert C. Floyd, notary public, District of Columbia.

"COMMITTEE ON THE LIBRARY,
"HOUSE OF REPRESENTATIVES, U. S.,
"Washington, D. C., Sept. 21, 1893.

"Hon. JNO. C. HOUK, M. C.,
"House of Reps., Washington, D. C.

"DEAR SIR: Yours at hand. I would say I have known Mr. Aaron P. Bilyeu, of Philadelphia, for many years. He was engaged in the building business and was considered one of the largest builders in Philadelphia, and being a man of good reputation was much respected by all. I have also known Mr. Geo. W. Bilyeu for many years, and would not hesitate to state I have always known him to be a very honorable person, and constituent of mine.

"Truly, yours,
"(Signed)

"CHAS. O'NEILL,
"[Elected to Congress 15 times.]

"I believe Mr. Bilyeu worthy of belief.
"(Signed)

M. S. QUAY, U. S. S.,
"WASH., D. C., Sept. 27, 1893.

"I have known Mr. George W. Bilyeu personally and intimately for many years, as a voter in Philadelphia, an employee of the Government in this city, as president of the Bookbinders' Union, of this city, as secretary of the Pennsylvania club of Washington, D. C., with a membership of over 300 Pennsylvanians, as a comrade of the Grand Army of the Republic, and I would unhesitatingly accept his word of honor to any statement he would make, or to which he would affix his signature.

"(Signed) H. A. COBAUGH.
"Witnesses: W. P. Brownlow, J. Neill Hughes.

"Sworn to and subscribed before me this 27th day of September, 1893.
"(Signed) JOHN H. ROGERS,
"Notary Public, D. C.

"Seal: John H. Rogers, notary public, District of Columbia.

"DISTRICT OF COLUMBIA,
"City of Washington, ss:

"On this the 25th day of June, 1894, personally appeared before me, Henry L. Ballentine, notary public, the undersigned authority, E. L. Phillips, of Washington, D. C., well known to me to be worthy of full faith and credit, who, in my presence, made oath in due form of law that the foregoing are true copies of the originals attached to the photograph of a group of 'Grand Army members' to which they relate.

"E. L. PHILLIPS.

"Subscribed and sworn to before me this 25th day of June, A. D. 1894.
"HENRY L. BALLENTINE,
"Notary Public, D. C.

"Seal: H. L. Ballentine, notary public, District of Columbia."

And whereas said Gibson's military papers have been declared by the G. A. R. spurious and fictitious and entitled to no credit whatever; and

Whereas the records of the Treasury and War Departments show conclusively that he was never anything but a commissary clerk; and

Whereas the War Department has denounced his military papers as "fraudulent" and stated there is no just ground for extending the relief asked in the bill; and

Whereas said Gibson's own letter on file in the War Department and his failure to appeal from the decision of the commander in chief of the G. A. R., expelling him from that order, to the national encampment are conclusive evidence that he is a bold fraud and that his papers are forgeries; and

Whereas said Gibson has for thirty years, both publicly and secretly, impeached and discredited in the minds of thousands of good and loyal citizens of east Tennessee the permanent records of the executive branch of the Government by the use of a fraudulent or forged commission and a fraudulent or forged honorable discharge; and

Whereas said Gibson continues to use these fraudulent or forged papers, to the prejudice of the ex-Federal soldiers of east Tennessee and to the discredit of the Government, for his own material benefit, alleging that his

papers are genuine and legal, and that the War Department officials are corrupt and have falsified the public records; and

Whereas said Gibson refuses to submit his papers for the inspection of the War Department, or the Senate, or the House of Congress; and

Whereas such acts as are related in the preambles of this bill do not come within the provisions of existing law, unless the fraudulent or forged papers are passed upon the Government: Therefore,

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every person who falsely makes, alters, forges, or counterfeits any commission as an officer in the United States Army or Navy, or any discharge from the United States Army or Navy, or other public record for the purpose of defrauding the United States or deceiving the public, or utters or publishes as true any such false, forged, altered, or counterfeited commission as an officer in the United States Army or Navy, or discharge from United States Army or Navy, or other public record, for such purpose, knowing the same to be false, forged, altered, or counterfeited, or transmits to or presents at the office of any officer of the United States or in any way uses such false, forged, altered, or counterfeited commission as an officer in the United States Army or Navy, or discharge from the United States Army or Navy, or other public record, knowing the same to be false, forged, altered, or counterfeited for such purpose, shall, on conviction thereof, be imprisoned at hard labor for a period not more than ten years, or be fined not more than \$1,000, or be punished by both such fine and imprisonment, and that any such false, forged, altered, or counterfeited public record or records herein described shall be seized and destroyed.

MR. GIBSON'S FIRST NOTORIOUS PUBLIC LETTER.

Mr. Chairman, it being charged on all sides that Mr. Gibson was a military fraud and impostor, having secured admission to the Grand Army of the Republic by stating falsehoods in two written applications, many of his friends demanded that he make a public explanation in vindication of himself. His effort in this direction was delayed until the fast disintegration of his following convinced him he must do something and do it quickly and boldly.

Being guilty of forging his military papers, and having deliberately stated falsehoods in both of his applications, he made the effort of his life in the letter he published. For gall, smooth and cunning misstatements of facts, injured innocence, egotism, affected dignity, and slight of hand evasion of the points of the case, his letter has never been equaled even by himself.

To those acquainted with the record of his case, his letter brought a firmer conviction, if possible, of his guilt, but thousands who had not time or inclination to investigate the record accepted Mr. Gibson's statement as a vindication of himself and rallied to his support, believing that he had been falsely accused.

No guilty person ever more adroitly or successfully yet impudently managed his defense than did he for the time being.

For the reason that Mr. Gibson does not mention the points in the case in his letter, which I shall read, I will ask you to keep it in mind that the charges which he should notice are that when he stated in each of his two separate applications that he was a lieutenant on Hooker's staff and was mustered out as a captain he stated a falsehood, and that when he swore to this statement in the Grand Army of the Republic he swore to a falsehood, and that the commission and discharge which he presented to the Ed. Maynard Post are forgeries.

His "unique" letter reads as follows:

To the Republicans of the Second Congressional District:

While I desired it known that I would be a candidate for the next Republican nomination for Congress, I did not desire the canvass to begin a whole year in advance of the ordinary time. I do not believe the welfare of the party will be promoted by a long-continued strife for the nomination, and have, therefore, refrained from making any utterances, or publishing any statements calculated to stir up strife at this early day.

My opponents, however, do not seem to care for the welfare of the party, but to care only for themselves, and so they have begun the fight all along the line. Their principal bombardment is upon me. I have submitted to their attacks for about a month without making any reply. Not being hurt, knowing that it is not the thunder that kills, but the lightning, I was content to remain silent. Besides, I am getting accustomed to being abused and misrepresented. That is one of the penalties inflicted upon men in public life.

Nevertheless, some accusations have been made lately that I desire to refer to. One is that I served in the rebel army, and the other is that I was never in the Union Army.

OLD DEMOCRATIC SLANDERS.

These are a couple of old, stale, Democratic falsehoods started about seven-teen years ago, and again and again answered. My Union record from 1858 to the end of the war was published in the Republican twice, once over thirteen years ago and again over twelve years ago, in refutation of these same Democratic slanders. Some of my young Republican adversaries were, perhaps, too young then to remember my answer to these falsehoods; and, perhaps, they do not know that they are using Democratic ammunition in their efforts to blacken my record. It seems to me that a good, true Republican would be ashamed to use Democratic weapons to strike down a fellow Republican; and, if they are not ashamed of it, I believe all good, true Republicans will be ashamed of them.

Besides the men who make these charges know well enough that there is absolutely no truth in either charge; they know that both charges are absolutely false and are exactly the reverse of the truth; but they own newspapers and are anxious to defeat my nomination for Congress, and they hope to be able, by means of these false Democratic charges, to deceive and mislead a few people.

In answer to the charge that I was in the rebel army, I will say that I entered Hobart College, at Geneva, in the State of New York, in September, 1858, and remained there, except during vacations, until June, 1862, when I graduated. I was at Geneva when the rebellion broke out, and was an ardent, outspoken Union man from the very start, and made many speeches in favor of the Union cause while yet a schoolboy. I never drew a disloyal breath, or uttered a disloyal word, or did a disloyal deed in my life. After graduating

at college, in June, 1862, I returned to Maryland, where I was born and where my father was living, and remained in Maryland and in Washington City until March, 1863, at no time having been nearer the rebel army than Washington City.

As to the charge that I was never in the Union Army, I will say that I served in the commissary department of the Union Army from about March 17, 1863, to August 4, 1865, being with the Army of the Potomac a large part of the time, and all the time doing my duty as became a loyal man and a faithful subordinate; and received the commendation of my superior officers. In January, 1866, I came to Knoxville and have been here or in Campbell County ever since. Now, let Mr. JOHN C. HOUK tell the people what sort of a "war record" he has.

NOT ASHAMED OF HIS RECORD.

I have never boasted of my army record, for I have always deemed it an humble one; but I am proud that I was on the Union side in the great war for the Union's life, and that I filled one man's place in the Union Army, and those I served under say I filled it well. My "record" was fully disclosed to the Grand Army post here, and after due consideration was deemed satisfactory.

The men who are repeating these Democratic attacks upon my army record were babies, or were not born when the war was going on; and it is safe to say that if anybody beside me was an opposing candidate for Congress, it would matter not how bravely and honorably he served in the Union Army, he would soon find himself charged with being a deserter or a bummer or a coward or a "coffee cooler" or a hospital lounge, or with some other disreputable conduct. To be falsely accused or vilified seems to be the unavoidable fate of any man who runs for Congress in this district. Judge Houk, when first a candidate, was charged with having been dishonorably dismissed from the army, with having been engaged in passing counterfeit money, and with having been removed from his office as judge by the legislature for drunkenness, but the people elected him to Congress in spite of those charges.

I defended Judge Houk against these charges. I defended him with my voice, my pen, and my pocketbook; and I never then expected that the day would come when Judge Houk's sons would show their gratitude to me for defending their father by trying to make people believe that I was in the rebel army and never was connected with the Union Army. When Gibson was fighting Judge Houk's battles he was a great man and a good man, and was deemed worthy of all honor, but now that the judge is dead and Gibson's friends think his time has at last come to represent them in Congress, behold Gibson is charged with being a very bad man. The people see through these small political tricks. The people love fair play, and I am willing that they may decide between me and the men who are abusing me by repeating falsehoods invented seventeen years ago by Democratic politicians.

RUNNING ON HIS PEACE RECORD.

The claim that I am running for Congress on my "war record" is one made by my opponents to throw newspaper balls at. I respectfully inform my opponents that I am running for Congress on my peace record. These are days of peace, and not days of war. If they were days of war I would cheerfully give way to my warlike opponents, and would rejoice to see them marching to the front and facing a full battery loaded to the muzzle with grape-shot and canister. But the people do not want soldiers right now. The war is over, over twenty-eight years ago. We now want men to devise means to enable the farmer to get a better price for his produce, and to enable the laboring man to get more work and better pay.

My peace record covers twenty-six years of active work in behalf of the Republican party. In that period I have made fourteen canvasses, speaking from twenty to sixty times in each canvass, many of the canvasses covering the whole Congressional district, and several of them extending to other sections of the State. Many of my speeches have been published and scattered all over the State. I have attended most of the Congressional and State conventions since the war, and have drawn several of our State platforms. In this same period I have spent several years as editor of Republican newspapers, and when not editor my pen has been at work in the cause of my party. I served in the constitutional convention of 1870, and in both branches of the State legislature, and the work I did in those bodies remains on the statute books to this day, and will be brought to the attention of the people in due season. This is the record I am running for Congress on; and I am willing to compare my peace record with that of Mr. JOHN C. HOUK also.

THE NEEDS OF THE PRESENT TIME.

If the Republican party think twenty-six years of hard, faithful, ceaseless work for its welfare a sufficient apprenticeship for a seat in Congress, I will be proud of the honor. If they think Mr. Houk has a better war record or a better peace record, or can do them more and better service in Congress, let him be chosen.

These are hard times in which we are now living. It may be that neither Congress nor the legislature can help us. Nevertheless, the people feel that they need their most faithful and most experienced men to serve them; and candidates for Congress should be engaged in discussing the needs of the people, the cause of the hard times, and the proper measure to bring better times, instead of throwing mud at each other, and comparing "war records," and digging in Democratic graveyards.

In due time I expect to give my opponents a chance to meet me face to face before the people to discuss with me all such measures as each of us may suggest to bring better times. I hope to engage in a canvass that the people will consider honorable and fair; and I will not resort to any tricks, nor mud throwing, nor abuse. I have too much respect for the office I hold and the office I seek, and too much respect for myself, to engage in misrepresentation or abuse. The United States is now the greatest nation in the world, and the man who aspires to be one of her Congressmen, to make laws for her, should be a man too broad-minded, too large-hearted, too open-handed to engage in little schemes and small tricks.

In conclusion, I wish to return my thanks to the thousands of true and tried Republicans who are actively and bravely advocating my election in all the counties. The masses of the people are for me, and if the primary was held to-day my majority would be from eight to ten thousand.

HENRY R. GIBSON.

JULY 20, 1898.

MR. HOUK'S ANALYSIS OF MR. GIBSON'S FIRST NOTORIOUS PUBLIC LETTER.

Mr. Chairman, as soon as Mr. Gibson's "unique" explanation of his military record appeared in print I analyzed it in the following public letter, which substantially is the history of the Gibson fraud, commencing nearly thirty years ago, and will no doubt prove of more than ordinary interest to criminal lawyers and other students of criminology:

KNOXVILLE, TENN., August 3, 1898.

To the Republicans of the Second Congressional District:

On last Sunday morning, July 30, there appeared in the Knoxville Daily Journal an article of two columns over the signature of Mr. Henry R. Gibson. That article contains several false statements which were written purposely to mislead and deceive you, and was intended as an attack upon me,

and a slur, cowardly and with malice, upon my father in his grave. Realizing such to be the case I feel it is a duty I owe the public, the memory of my father, my family and friends, and myself that I make a reply.

In the first place I will pay my respects to the lofty (?) introductory remarks of Mr. Gibson's card.

He says while he desired it known that he would be a candidate for the next Republican nomination for Congress, he did not desire the canvass to begin a whole year in advance of the ordinary time.

In this connection I desire to state that Mr. Gibson has

NO RIGHT TO COMPLAIN

at his opponents for opening an early bombardment upon him, since by a little reflection it will be remembered that on the 6th day of May last he, as well as myself, announced his candidacy for the nomination over his own signature in various newspapers of the district. When I signed my announcement of that date I did so well recognizing the right of every citizen of the district to turn his gun upon me; and an experienced warrior like my opponent, who is twenty or more years my senior, surely did not fail to recognize the same right when he signed his announcement.

It may not be out of place to remark here that Mr. Gibson is dealing with men in this contest who know him, and know him well, and who understand that time is an important element in exposing his dignified hypocrisies, so long and so successfully practiced upon the brave and confiding soldiers and loyal Republicans of the Second Congressional district—the Gibraltar of American Republicanism.

He asserts that he does not believe the welfare of the party will be promoted by a long continued strife for the nomination; and that he has, therefore, refrained from making any utterances or publishing any statements calculated to stir up strife at this early date.

At the end of a quarter of a century of studied deceit, when he finds himself without an avenue of escape from exposure, in the name of the party he pleads against "a long-continued strife for the nomination," and while he pleads he seems to forget that he is guilty of having uttered and caused to be uttered and published in recent months past statements derogatory to myself, my family name and friends, statements in manner and language so meanly made as to be calculated among ordinary human beings to stir up strife. He forgets that on the 30th day of May last he made a Federal decoration speech at New Market and impudently circulated thousands of copies of it as a campaign document. He says his opponents do not seem to care for the welfare of the party, but to care only for themselves, and that he has submitted to their attacks for about a month without making any reply. It is well known that he was never careful of the welfare of either party or friend except when he had some selfish end to subserve, evidence of which facts will be introduced at another place in this card. That he has

SUBMITTED TO THE ATTACKS

of his opponents for about a month without making a reply is settled beyond dispute, and it will not be hard to recall the fact that he has silently submitted to attacks upon his so-called record as a Union soldier and upon his membership in the sacred order of the Grand Army of the Republic since certain discoveries were made in the archives of the War and Treasury Departments of the United in the years 1889 and 1890.

That he is still submitting silently to the same attacks his letter of last Sunday and all intelligent observers will bear witness. He avers with an air of transcendent philosophy that such attacks did not hurt him, and knowing that it is not the thunder that kills but the lightning, he was content to remain silent. I am led to remark that it does not seem necessary for his opponents to apply the lightning in his case—the thunder seems to have done its work well, and is cheaper and much easier handled than the indescribable electrical fluid. Whether thunder or lightning or thunder and lightning be required I think his opponents will be able to supply the demands of the situation.

In concluding the remarkable preamble of his remarkable letter, and just preceding the part thereof where he turns into the woods and

FIGHTS INDIAN FASHION

from tree to tree instead of remaining in the public road or open field and squarely meeting his opponents on the real issue, he says he is getting accustomed to being abused and misrepresented. To him it is unnecessary to say it, but to the public I will state that it is unnecessary for his opponents to abuse and misrepresent him. His opponents are in possession of many interesting facts connected with his so-called record as a soldier and with his record as a statesman and party servant. It would not be improper, however, for me to ask him if the name of Houk has not borne its share of abuse from both Democrats and Mr. Henry R. Gibson. Again I would like to ask him if he ever knew of a Houk running for office in this section of the country without him being abused and vilified outrageously, both publicly and privately, politically and personally, absolutely regardless of the feelings of the candidate himself or his wife and children or his friends, and regardless of every law of decency and fair play. Every man and woman in this Congressional district knows that I have been abused as much as any man now living in it, and it is a useless waste of time and energy to dwell longer upon this subject.

In the second place

I COME TO BUSINESS;

that is, I now propose to discuss the real issue which Mr. Gibson no doubt feels he has adroitly evaded. What is the question to which the people of this Congressional district desire him to confine whatever explanations he may have in stock? What is the point upon which the open-hearted and valiant ex-Federal soldiers and untimbered Republicans of these mountains desire to see him "loom" and hear him "roar"? The text he announces and from which he preaches, and I beg of every honest and intelligent person to pause and consider it, is as follows: "Nevertheless, some accusations have been made lately that I desire to refer to. One is that I served in the rebel army and the other is that I was never in the Union army." If he means by this statement to charge that I have been accusing him of having served in the rebel army, in reply I have to say that such is not the fact and that Mr. Henry R. Gibson knows it.

Since 1891 I have had in my possession conclusive and overwhelming evidence that Mr. Henry R. Gibson was not in the rebel army, unless he got in before he left Hobart College in the spring of 1862 and got out of it before he became a civilian employee in the Federal commissary in the spring of 1863. If he can prove his titles clear between those two dates I am prepared to furnish the evidence and will become witness for him if he demands, and show that he did not serve in the rebel army either prior to the spring of 1862 or after the spring of 1863. It would be foolish for me to accuse him of having served in the rebel army when all the records in my possession indicate that such was not the fact. As to when and under what circumstances he wrote his celebrated poem, "Sons of the Sunny South, Arise," and as to whether that poem contained seeds of secession, is a matter for future discussion.

Never having charged him with having served in the rebel army there are left of the charges manufactured against himself and by himself to fit the theory of his defense the following words, "and the other (charge) is that I was never in the Union Army." Having formulated his own charges against himself he proceeds more with feigned dignity than anything else to demolish them. Let me command: Company Q of the horse marines, attention!

carry arms! right dress! front! Warrior Gibson will step forward! The remainder of his comrades, if there be any, break ranks! Having the battle-scarred veteran before me I desire to exhibit to him the three cardinal principles of the G. A. R., and to read to him a few sacred extracts from the sacred rules and regulations and rules of order of the national encampment of the

GRAND ARMY OF THE REPUBLIC

in full force when he applied for membership in that order, and in full force at the time he was mustered into it, and which are in full force to-day, being the same in paragraph, sentence, word, and punctuation mark.

The three cardinal principles of the Grand Army of the Republic are Fraternity, Charity, Loyalty (title and design copyrighted). In the picture the principle of—

Fraternity is represented by the wounded soldier on the field of battle, resting on the arm of a comrade who ministers to his wants as the lifeblood flows from the fatal wound.

Charity is represented by the destitute widow and orphan children of him "who died that the Nation might live," receiving aid at the hand of the surviving comrade.

Loyalty is represented by the "Boy in Blue," bearing aloft the tattered battle flag, while shot and shell fall thick and fast about him. (G. A. R. Handbook.)

The preamble of the rules and regulations of the sacred order referred to reads: "We, the soldiers and sailors and honorably discharged soldiers and sailors of the Army, Navy, and Marine Corps of the United States, who have consented to this union, having aided in maintaining the honor, integrity, and supremacy of the National Government during the late rebellion, do unite to establish a permanent association for the objects hereinafter set forth; and through our national encampment do ordain and establish the following rules and regulations for the government of this association."

It will be observed that this preamble embraces the words

"SOLDIERS AND SAILORS,"

and that the words "civilian employees" or "commissary clerks" are not referred to. The battle-scarred veteran who enters the Grand Army of the Republic, as did Mr. Henry R. Gibson, if he complies with the rules and regulations thereof, signs the same with the understanding that he has read, understands, and will abide by the same.

We will assume for the present that he who stands before me was either a soldier or a sailor and not a commissary clerk or civilian employee, for the reason that article 4 of chapter 1, or the eligibility clause of the Grand Army of the Republic, of which order Henry R. Gibson enjoys full membership, says: "Soldiers and sailors of the United States Army, Navy, or marine corps, who served between April 12, 1861 (the day Fort Sumter was fired upon), and April 9, 1865 (the day upon which Lee surrendered), in the war for the suppression of the rebellion, and those having been honorably discharged therefrom after such service, and of such State regiments as were called into active service and subject to the orders of the United States general officers, between the dates mentioned, shall be eligible to membership in the Grand Army of the Republic. No person shall be eligible to membership who has at any time borne arms against the United States." This article

MR. HENRY R. GIBSON UNDERSTOOD

when he entered the Grand Army of the Republic, whether he complied with the rules and regulations thereof by signing the same or not. It would be inferred, therefore, that Mr. Henry R. Gibson was either a soldier or sailor, and not a commissary clerk or civilian employee during the war for the suppression of the rebellion, being now a member of the Grand Army of the Republic; or, at least every comrade of his in the Grand Army of the Republic, at the time he entered the same, had a right to believe that he was either a soldier or sailor, and not a commissary clerk or civilian employee. And ever since he became a comrade of that patriotic organization thousands of people have believed that he was either a soldier or sailor, and thousands will continue to believe that he was either a soldier or sailor so long as he remains a member of the Ed. Maynard Post. Now we will pass on to section 1 of article 2 of chapter 2 of the rules and regulations of the Grand Army of the Republic which reads as follows: "Every application for admission to membership shall be in writing, and shall give in detail, upon the blanks furnished by the national headquarters, the applicant's age, birthplace, residence, occupation, date and rank when entering the service, and his rank at the time of his discharge (or if still in the service, his present rank), the date and cause of his discharge, the company and regiment or ship to which he belongs or belonged, the length of time he served; if wounded when, in what engagement, in what manner and degree, and the fact of any previous application, and to what post it was made."

Every reader will perceive that the application clause of the rules governing admission to a post requires the applicant to give his rank when entering the service and his rank at the time of his discharge, the company and regiment or ship to which he belonged, and the length of time he served. This does not apply to commissary clerks and civilian employees; for it will be remembered that the supreme law of the order is that none but soldiers or sailors shall be admitted as members. Section 2 of article 2 of chapter 2 of the rules and regulations says: "The application shall be presented at a stated meeting, and be recommended by a member of the post, who shall vouch for the applicant's eligibility; it shall then be referred to a committee of three, of which number the member recommending shall not be one, for investigation and report." Section 8 of the same article of the same chapter says: "A member elect shall pay, before enlistment and muster, an admission fee of not less than \$1. Upon muster in he shall subscribe to a copy of these regulations and by-laws of the post." In the year 1864 or 1865, while Maj. A. S. Prosser was commander of the

ED. MAYNARD POST,

Mr. Henry R. Gibson made application to said post for admission. The commander of the post, Maj. A. S. Prosser, refused to appoint a committee, as required by the rules and regulations of the order, to pass upon the applicant's eligibility until he presented an honorable discharge. No honorable discharge being forthcoming, the matter dragged along for some time until Major Prosser's administration as commander expired and Maj. L. A. Gratz's administration as commander came in. At some time during the period that Major Gratz served as commander of the post Mr. Henry R. Gibson renewed his effort to acquire membership in the order. Finally his application was passed upon, but how, in what way, and by whom I am unable to say. Whether his application was presented, in accordance with the rules and regulations of the order, at a stated meeting, and whether he was recommended by a member of the post who vouched for his eligibility; and whether his application was referred to a committee of three for investigation and report I can not state. It is sufficient at present to say that he became a member and subscribed, as I am informed by a responsible member of the Grand Army of the Republic, to a copy of the regulations of the order and of the by-laws of the post.

SIGNING HIS NAME AS CAPTAIN

and C. S. U. S. Vols., afterwards becoming in 1865 senior vice-commander of the department of Tennessee. If he did not subscribe to a copy of the regu-

lations and by-laws he failed to that extent to comply with the supreme law of the order. However, the records of the post will show the truth of this matter if they are intact.

Subsection 2 of section 3 of article 8 of chapter 2 of the rules and regulations of the order is as follows: "The adjutant general shall keep a descriptive book, ruled to embrace every fact contained in the application, as well as date of acceptance and muster, and a column for general remarks." In this connection I will state that my information, received a short time since, is that this application disappeared from the archives or files of the order and is still absent therefrom, unless it has been found and returned; but fortunately the description book is required to be so ruled as to embrace every fact contained in the application as well as the date of acceptance and muster. This description book I have seen with my own eyes. By the way, this book is a costly and well made one, being heavily bound and filled with thick, heavy leaves, with leather indexes, intended to endure for many years to come and hand down to future generations the military pedigree of the soldiers and sailors who belonged to the Grand Army of the Republic. Upon this description book, which on account of its permanent and enduring appearance I will call the eternal book, is made the following entry: "No. 42, H. R. Gibson, age 45, born Md., enlisted Mch. 17, 1863."

LIEUTENANT ON GENERAL HOOKER'S STAFF.

honorably discharged August 4, 1865, captain and commissary of subsistence, served 2 years and 4 months, cause of discharge close of war, mustered into post in second quarter of 1865."

Now, what is the question in the mind of every intelligent man in the second district? It is whether Mr. Henry R. Gibson was at any time during the war for the suppression of the rebellion between the day that Sumter was first upon and the day that Lee surrendered, a soldier or sailor. The same question in another form is, was he when he entered the Grand Army of the Republic and is he to-day eligible to membership in that order? Mr. Henry R. Gibson says that he migrated to Tennessee in January, 1863. On July 12, 1865, after the close of the war, and six months after he had settled in Tennessee, he wrote a letter to the Secretary of War, which shows that up to that time he had never been enlisted; that he had

NEVER BEEN A SOLDIER;

that he had never received an honorable discharge; that he had never been anything but a clerk, or assistant clerk, or principal clerk in the Federal commissary; and that he had never been either an enlisted private or an officer of any kind in the military service of the United States. Every statement which I have asserted his letter shows to be true is corroborated by the official records in my possession from the War and other Departments of the Government. In this famous and "unique" letter of July 12, 1865, Mr. Henry R. Gibson seeks to beg or defraud the War Department out of a commission as captain and commissary of subsistence or a commission of any lower grade based not upon services rendered as a soldier in the Federal Army between the day that Sumter was fired upon and the day that Lee surrendered as required by the rules and regulations of the Grand Army of the Republic, but upon services rendered as a commissary clerk or civilian employee. In this peculiar letter of July 12, 1865, the writer states that on November 30, 1864, he applied for a commission as captain and C. S. Vols., said application being indorsed by Capt. A. P. Bilyeu, C. S. Vols., and various other more or less distinguished Federal officers, but the War Department has not been able to find any record whatsoever of the reception of the application alleged to have been made.

On this subject the Adjutant-General of the United States Army on July 12, 1893, said "that another thorough search of the records of this office has been made and that no record has been found of any application or recommendation for the appointment of Henry R. Gibson as captain and commissary of subsistence other than those of which copies are already in the possession of Mr. HOUK (the letter of Mr. Gibson of July 12, 1865, and the letter of the Hon. R. E. Fenton recommending him for appointment as assistant commissary). Possibly some trace of the application claimed to have been made November 30, 1864, may be found in the records of discontinued commands on file in the Record and Pension Office." The Record and Pension Office on July 13, 1893, replied that "none of the papers within referred to in the case of Henry R. Gibson has been found on file in this office." On July 14, 1893, the Acting Secretary of War said: "An examination of the application book in the office of the Secretary of War from 1863 to date fails to disclose a record of the papers." On July 18, 1893, another letter from the office of the Adjutant-General of the United States says: "But even if such papers had been found, the fact would remain that

HENRY R. GIBSON WAS A CLERK

and not a commissioned officer during the war." The reader should bear it in mind that the office seeker during the days of the war was just like the office seeker of this day. As a rule he could always get plenty of indorsements but few offices. By Mr. Henry R. Gibson's own letter, written July 12, 1865, we know that he never received the office he sought. If he ever received a commission as a captain and commissary of subsistence after the date of his letter it would be a very easy matter to prove it by presenting the commission after which I am prepared to test its legality. There is no doubt that Mr. Henry R. Gibson made a very competent commissary clerk or civilian employee, but his merits as a Federal soldier during the late rebellion are yet to be discovered.

If he does not present to the public a commission as an officer of some kind in the Federal Army during the war of the rebellion, I will, at the proper time, present proof that he has since his arrival in Tennessee, in 1865, exhibited such a commission and boastfully claimed it as evidence of his military services to his country in the war of 1861 and 1865. Some inquiring friends may remark: "Well, HOUK, what charges can be substantiated in connection with the military record of Henry R. Gibson?"

I would reply that it can be truthfully charged and proven by thousands of citizens that from about the time that Mr. Henry R. Gibson located in this State down to the present time he, in one way or another, has made the general impression that

HE WAS A SOLDIER

in the Federal Army; that by thousands of citizens it could be proved that the general impression was deepened when he became, in 1865, a member of the Grand Army of the Republic and made himself active in its councils; that Mr. Henry R. Gibson ceased to be so active in the councils of the Grand Army of the Republic about the year 1869, when my father discovered documentary evidence that he was never in the Army as a soldier; that Mr. Henry R. Gibson managed to work himself into the Grand Army of the Republic upon his insufficient credentials just before his candidacy for chancellor; that he was never enlisted as a soldier; that he never received a legal discharge from the service as a soldier for the simple reason that he could not be discharged from a service that he had never entered; that he was

NEVER AN OFFICER OR A PRIVATE

at any time during the war of the rebellion; that he was never a lieutenant on any general's staff during the late war; that he was never a captain and commissary of subsistence in the Federal Army at any time during the war of the rebellion; that after a question had been raised in the Grand Army of the Republic as to the genuineness of his credentials, and that after his appli-

cation had hung fire for a considerable time he never stated in open meeting of the Ed. Maynard Post the extraordinary circumstances under which he was entering that order; that he never divulged in open meeting of that order the true contents of his now famous "unique and unheard-of" letter to the Secretary of War, July 12, 1863; that he was never eligible and is not at this time eligible for membership in the Grand Army of the Republic; that he knew it when he was mustered into the post, and that he knows it now, for he was a man of intelligence when he was mustered in, and he is a man of intelligence to-day, his very position as a judge on the bench being one which requires him to understand and interpret the constitution and laws of his State; and, being so gifted and able as to do this, he can not plead that he was not able to interpret and understand the constitution and by-laws of the Grand Army of the Republic, which he has said over his own signature that he has read, understood, and would abide by. The above would be my reply to his friends, and if I had time, and you had the patience to read it, I could cite a good many other things that could be proved. I will

MAKE THIS PROPOSITION:

That if Mr. Henry R. Gibson will demand of the Ed. Maynard Post an investigation I will furnish the proof on form; request from that order that he is not eligible to membership in it; and if that order does not desire to use the evidence which I have in my possession I will furnish a full memorandum showing where each and every part of the evidence can be found in the War and other Departments of the United States Government. If I have maliciously and falsely accused Mr. Henry R. Gibson in any material respect with regard to his alleged record as a soldier, or his record as a commissary clerk or a civilian employee or as to his eligibility for membership in the Grand Army of the Republic, I am possessed of criminal instincts and should hide my face in shame from the sight of all honest men.

I shall now proceed to pay a little attention to Mr. Henry R. Gibson's explanation which does not explain him out of his awkward position, into which I have had no hand in placing him. He picked his own ground. I am but throwing light upon his true position. He says that the charge that he was never in the Union Army (as a soldier I suppose he means, he being now a member of the Grand Army of the Republic) is a "stale" Democratic falsehood started seventeen years ago. The charge may have started as soon as he landed in the State, but conclusive evidence that he was not a soldier in the Federal Army during the late war was not discovered until 1889 or 1890, when my father, the late Hon. L. C. Houk, unearthed certain records in the War Department, and the charge that he was not a soldier was not seriously made and backed by proof until my father had revealed the contents of these records to his friends at a time when Mr. Henry R. Gibson was trying to tear him down. I should not have mentioned my father in this letter had not Mr. Henry R. Gibson first assailed his name. From a statement, left by my father fortunately, which will be published in full later on, I make the following quotation:

"Having long borne with his deceitful and traitorous course, involving every phase of deceit and bad faith, I concluded that forbearance had about ceased to be a virtue. Although I had never given much credence to the stories circulated about him by the Democrats in regard to having been a rebel, and having been perfectly willing to overlook his youthful ardor and indiscretion which brought forth his so-called poetry, 'Sons of the Sunny South, Arise,' etc., I concluded I would make a little investigation and see how far his claims to national patriotism and heroism as a soldier of the Union were well founded." The investigation referred to was instituted by my father, and from him the charge proceeded, backed by the proof, that Mr. Henry R. Gibson was not a Federal soldier at any time during the rebellion. I inherited the evidence that he developed. I have it to-day and have added to it somewhat of additional evidence; but he had in his hands before his death sufficient proof to satisfy any member of the Ed. Maynard Post as to the ineligibility of Mr. Henry R. Gibson to membership in that order, which would have been presented to the post had not my father been cut off by death. The plea that the Democrats are persecuting him will not work in this instance.

"He says that his Union record from 1853 to the end of the war was printed in the 'Republican' twice, once over thirteen years ago, and once over twelve years ago. Not only young men, but old men and middle-aged men as well, forget many things in twelve or thirteen years, and I would suggest that he print for the information of the public the explanations he made in the Republican. He is about the only man I know of who possesses a file of that paper. I have tried repeatedly to get hold of one, but have failed. Of him I would like to inquire if either or both of his old explanations dealt with 'soldiers or sailors, or lieutenants on General Hooker's staff, or captains of commissaries of subsistence.' It takes a soldier or sailor to get into the Grand Army of the Republic, and

THE ETERNAL BOOK

of that order shows that he was a lieutenant on General Hooker's staff and a captain and commissary of subsistence between Sumter and Lee's surrender. Of course he made frequent use of all these names and titles and printed honorable discharges, etc., if he had any. He further says that the men who made these charges know well enough that there is absolutely no truth in them; that they know that they are absolutely false and are exactly the reverse of the truth. While quoting these statements of this distinguished jurist, generally supposed to be able and with a discriminating mind of the first order, brave in heart and bold even unto foolhardiness, open and frank in his every act, and whose tongue has flashed lightning through every valley and along the top of every mountain in East Tennessee in every political campaign since the war, I am absolutely cast down with pity. Far better would it have been for him had he forever sealed his lips in silence on the subject of his war record and never accused any person of falsehood for asserting that he was "never in the Union Army."

The warrior who is on trial is admonished that he is not being prosecuted for the purpose of blackening his record and that all the writer has ever done in connection with his military history has been simply to throw the light of truth upon it. If any party to this controversy ought to be ashamed of his conduct it is he who has sinned.

UNDER FALSE COLORS

for twenty-five years. I deny that I own or control any interest whatever in any newspaper of any kind, but on the other hand I charge that Mr. Gibson holds \$2,000 worth of stock, more or less, in the Knoxville Journal, and not more than ninety days ago he boasted that he proposed to have him a newspaper for the purpose of showing the public what he had done for the Houks. To him I now say that I know he has the money with which to start an organ and that there is plenty of printing material for sale and many printers in this country who would like to have work, and that if he desires to start him a personal organ it is his privilege. He seems at this late date to frankly admit before the public that he was in the Commissary Department of the Union Army as a subordinate from March 17, 1863, to August 4, 1865.

It will no doubt seem to the reader that it would have been much more manly for him years ago, by a public declaration or statement, to have removed a deeply embedded false impression from the minds of the people by confessing that he had never been a soldier or an officer in the Union Army during the war of the rebellion. And it would have been a great circumstance in his favor if he had not wormed himself in 1885 into the Grand Army of the Republic contrary to its rules and regulations, well understood by him.

Like the true warrior he is, with the sword in one hand and the bayoneted musket in the other, he paws the earth and says, "Let Mr. JOHN C. HOUK show what sort of a war record he has." If he has reference to my "war record" I desire to inform him that I am honest enough to admit that I was not "in the Union Army," either as a private soldier or as an officer, though I am able to prove that I was along with the "Union Army" a portion of the time during the war, eating commissary crackers and squalling as a 3-year-old for Federal success.

If he had reference to his own "war record" I desire also to inform him that while it was supposed until recent years that he had one it has lately developed, and I have the proof of it, that he never had any at all. What I am in possession of is the proof that he was a civilian employee in the commissary department of the Federal Army, subject to be discharged at any time by the chief of the commissary under whom he served. It is true that he filled "one man's place" as a clerk or civilian employee in the commissary department under Capt. A. P. Bilyeu, but it is not true that he filled "one man's place in the Union Army." It is no discredit whatever, on the contrary it is creditable to him, that he made an efficient, though "humble" commissary clerk, but it would have been far more creditable to him if he had been more "humble" in his pretensions between the time the war closed and the time that it was discovered that he had not been in the Army by revealing frankly to the public, when he saw the military titles accumulating before his name, the real service that he rendered his country in her hour of trial and for which he was paid \$50, \$65, \$75, and \$90 per month, while the boys "in the Union Army" were marching in the mud with their guns and fighting the battles of the country for \$13 per month.

I emphatically deny his statement that "it would not matter how bravely and honorably he served in the Union Army, he would soon find himself charged with being a deserter, or a hummer, or a coward, or a coffee cooler, or a hospital lounge, or guilty of some other disreputable conduct." In 1891 I made a race for the Republican nomination for Congress in the primary election, exciting and hotly contested, against Capt. W. W. Woodruff, an ex-Federal soldier. The military record of Capt. W. W. Woodruff, unlike Mr. Gibson's, was a straight one, and I have information that it so appears upon the record of the War Department. In that exciting contest some friends on either side perhaps made some charges that were not true. But at no time before or during or since that race did I, or so far as my best recollection goes, any of my friends charge Captain Woodruff with being a "deserter or a coffee cooler or a hospital lounge," etc., during the war. It is true that it seems to be the unavoidable fate of any man who runs for Congress in this district, especially if his name is Houk, to be falsely accused and vilified. It may be the fact that "Judge Houk, when first a candidate, was charged with having been dishonorably dismissed from the Army, with having been engaged in passing counterfeit money, and with having been removed from his office as judge by the legislature for drunkenness."

To this cowardly and ghoulish and unjustifiable method of attacking my father after he has gone to his grave I desire to make a brief direct reference. When Mr. Henry R. Gibson seeks to use such a method of defense he but introduces evidence of the truthfulness of the charge that he has been a military impostor. The dead man whose memory he seeks to besmirch has now been in his grave about two years. If he had lived and was a candidate for Congress in the next campaign Mr. Henry R. Gibson well knows that he would not be a candidate against him, and he further well knows if he was a candidate against him he would suffer the loss of his right arm before he would use such language as I have quoted above, knowing the deadly effect with which my father would use the weapons he had on hand. Every decent citizen can forgive any attack made upon the writer, who is living, but they will never condone an attack upon the grave, though it be made under the cloak of former friendship. This great man who

ASSAULTS THE DEAD

says that he "defended Judge Houk with his voice, pen, and pocketbook." I beg to remind him that against these charges Judge Houk did not have to have the defense of Mr. Henry R. Gibson—the "voice, pen, and pocketbook" of the latter not being necessary to the vindication of the former. The military record on file in the War Department, and copies of which I now have in my possession, vindicate the dead Houk against the charge of having been dishonorably dismissed from the Army, while there never was any evidence of any character whatsoever to substantiate the second charge against him of "passing counterfeit money," and while there was no evidence of any character whatsoever, either record or otherwise, that he was "removed from his office as judge by the legislature for drunkenness." Instead of Mr. Henry R. Gibson always being a defender of the late Judge Houk, I will inform the public that I can prove that he deliberately and falsely charged for immediate purposes in the constitutional convention in 1870 that the people living in Judge Houk's judicial district petitioned the legislature to impeach him, and then thanked God that he had been gotten rid of by the seventeenth circuit being abolished.

I can further show that he was a party to a conspiracy to ruin my father while he was a judge, but the latter, in his charity and goodness of heart, and perhaps blinded by his false friend's protestations of friendship, forgave, only again to be slandered while living and after death. When the charges against Judge Houk (to which I have referred above) were made he defended himself, without evasion or counter false charges, against any and all comers, and they were disposed of and settled forever in his favor twelve or thirteen years ago. He never fell back upon his dignity in order to avoid a discussion of them. A reference to them now, if my father was alive, ought to appear "stale" to Mr. Henry R. Gibson, and a reference to them now, since my father is in his grave, will appear to many thousands of old friends in Tennessee and elsewhere as low, mean, cunning, and indecent, which no gentleman of true dignity and manhood would make. None but an arrant coward would strike such a blow. As to Mr. Henry R. Gibson's "pocketbook," I do not believe that it ever lost more than it received on account of its owner's relationship to Judge Houk, whom the latter, in a forgiving and a forbearing spirit, had appointed as census supervisor, as postoffice inspector, and as United States pension agent, and whose following were in a very large degree responsible for Mr. Henry R. Gibson's elevation to the bench after it was seen that the able Judge Staley could not make the race. Let every intelligent man ask himself this question: Would Mr. Henry R. Gibson, if he had

BEEN A TRUE FRIEND

to Judge Houk and defender of his memory, have revived the grave charges which have been for many years exploded and out of the public mind and settled for all time to come? Standing before the public convicted as a military impostor, he begs for the sympathy of the people, and I am in favor of extending it to him if he will make an open and frank-hearted confession of his guilt. He says that he never expected that the day would come when Judge Houk's sons would show their gratitude to him for defending their father's name by trying to make people believe that he was never "connected with the Union Army." Little did Judge Houk's sons think that after what he had done for Mr. Henry R. Gibson he would show his gratitude by trying to

BESMIRCH THE NAME

of their father both before and after he had gone to his grave. He says when Gibson was fighting Judge Houk's battles he was a great and good man and

was deemed worthy of all honor. My father, in the generosity of his nature, proverbial everywhere he was known, and forgiving as a child, and full of charity always, did up to a certain time indorse him by letter and otherwise for appointment to office as a true friend, worthy of all honor, and an ex-Federal soldier. But what he thought of Mr. Henry R. Gibson as a gentleman and an ex-Federal soldier before a certain time, and as to what he thought of him as a gentleman and an ex-Federal soldier after a certain time will be hereafter printed if Mr. Henry R. Gibson insists on keeping the name of the dead before the people in this controversy. Before leaving this branch of the discussion, voluntarily and without any provocation introduced by my opponent, I desire to show the people by quoting from a letter written by him to my father the motive that he had in espousing the latter's aspirations for Congress. In his letter Mr. Gibson says: "I will be in Knoxville Monday before convention, prepared to work like a Turk for you. And I mean to do something. We are all selfish creatures. He is a

FOOL OR KNAVE

who denies it. I do not. I expect to gain something by your election to Congress. What it is you shall know if elected; not before. While working for you I am working for myself. We are selfish creatures I repeat." I have never assailed anything but the public record of my opponent, but when he falsely claims that he was an unselfish friend of Judge Houk's and in his support of him had no other motive than to elevate and defend his name, hoping thereby to make votes in the coming campaign, I feel justified in using any honorable means to expose the hypocrisy.

It may be a part of my opponent's general policy, though I trust it is not, in his mad desire to get to Congress and print long-winded speeches in the CONGRESSIONAL RECORD at the Government's expense, to do publicly what he has been doing privately, that is, attack the whole Houk family living and dead. If he goes as far in this direction as he has impressed persons privately he intended to go, namely, to the extent of dragging family matters into the discussion during the campaign to show what he "had done" for the Houk family, I assure him nothing will be evaded in the way of duty.

By some of Mr. Henry R. Gibson's supporters it has been suggested that the Grand Army of the Republic can not afford to be used as an instrument to promote the political aspirations of JOHN C. HOUK, and for that reason it is thought best that the order remain inactive or ignore the specific charges that are made against Lieutenant or Capt. Henry R. Gibson, a full-fledged member of the Ed. Maynard Post. I beg of these men who take such a view of this matter to lend me their ears for but a moment, and allow me to ask them if it ever appeared to their minds that the Grand Army of the Republic for several years has been unconsciously allowing itself to be used as an instrument to promote the political aspirations of Mr. Henry R. Gibson, who was never at any time any more eligible for membership in that order than I am, and I speak according to the constitution or supreme law of the Grand Army of the Republic; did it ever occur to these partisan supporters of Mr. Henry R. Gibson that so long as he is kept in the Grand Army of the Republic that for just so long will he be using that order for his political aggrandizement, because his membership therein gives his friends the right to argue that he was a soldier, an argument that I have not yet quite been able to get him to condemn, though he may drop to it in the course of time.

Looking at this matter from the standpoint opposite to that from which it is viewed by my opponents, it seems to me certain that there are thousands of other persons in the Second district who are eligible for membership in the Grand Army of the Republic, if Mr. Henry R. Gibson is, and if the latter is permitted to remain therein these thousands of citizens should also be allowed to apply and enter, upon the ground that it will help them in aspiring to office, or otherwise. The Ed. Maynard Post is

COMPOSED OF HONEST MEN

as a whole, who understand the Grand Army rules and regulations and appreciate fully their obligations, not alone to the order but to the soldiers of the country generally, including every person who is justly drawing or seeking to draw a pension. It is said by some of my enemies that in attacking the right of membership of Mr. Henry R. Gibson in the post that I am attacking the post itself. This, of course, every member of the post knows to be absolutely false.

In attacking the right of a member belonging to that post, who is clearly ineligible, I have no fears but that every honest man who understands the facts of the case will approve my course. I have no right whatever, nor have my friends the right to use the fact that I am a member of the "Fons of Veterans" in my behalf, and I do not propose if I can prevent it that any opponent shall use the fact that he is a member of the Grand Army of the Republic to build himself up and break me down. His membership in the Grand Army of the Republic is null and void. "These are days of peace and not days of war," but if these were days of war I would feel it my duty to give way to my opponent with his "humble" record as a commissary warrior and rejoice to see him expose his person in defense of the cracker boxes. "But the people do not want soldiers right now," the war having been ended over twenty-eight years ago.

These days are not like they were in the good year of 1865, just before the election for chancellor, when my opponent thought it behooved him to twist his way into the remnant of "the Army of the Union," now existing in the form of the Grand Army of the Republic. "We now want men to devise means to enable the farmer to get a better price for his produce, and to enable the laboring men to get more work and better pay," as my competitor has said, but he has forgotten to say that we now want men also to devise means of bettering the condition of the old soldiers, most of whom are now members of the Grand Army of the Republic, and who made it possible for the farmer and workingman to have a government which gives them better prices for the products of their farms and their labor than any Government on the face of the earth. My competitor should not lose his interest

IN THE OLD SOLDIER,

and I do not propose to allow him to do so if I can help it. My peace record does not cover twenty-six years of active work in behalf of the Republican party, but it does cover thirteen years—exactly half of twenty-six—of constant, unremitting, and unselfish labor in its behalf, the value of which I am anxious for the Republicans of the Second district to pass upon in a primary election. And during all this time I have never been a candidate before the people one second, or one minute, or one hour or any other length of time, for any office except when I was nominated for Congress in 1891 in a primary election by 9,000 or 10,000 majority, and in the following Congressional election, when I was unanimously renominated. My competitor arrived in Tennessee just six months after the war closed and at the very time that certain other gentlemen were migrating to the various Congressional districts of the South to become candidates for office, and within six months after his location in this Congressional district he tried to get the War Department of the United States to certify in the form of a commission that he had been a soldier, no doubt for the purpose of using it in hoisting himself into office. He certainly did not want a commission to prove that he was a commissary clerk. Just a short time—some two or three years—after he had become a citizen of this section of the South he became a standing candidate for office, and has run for office, either appointive or elective, just nine times, including his present race.

Notwithstanding he never secured the services of the War Department in establishing his record as a soldier he has succeeded remarkably well in securing and holding office. At the end of his term as chancellor he will have been

IN OFFICE FIFTEEN OR SEVENTEEN YEARS,

considerably over half the time he has been a voter in Tennessee, drawing from \$30,000 to \$40,000 for the "fourteen campaigns and several hundred speeches" he has made for Mr. Henry R. Gibson. My opponent, in speaking of his services, which I have no desire to disparage, says, among other things, that he was a member of both branches of the State legislature, and that the work he did in those bodies remains in the statute books until this day. In the interest of justice I desire to cite the fact that one of the laws that he helped to place in the statute books of Tennessee while he was a member of the legislature was the infamous and inhuman

PENITENTIARY LEASE BILL,

for which he voted; and he did not vote for it blindly, thinking that it did not carry with it the power to work convicts in the coal mines. He arose in his seat in the legislature and offered an amendment to the convict lease bill that no convicts should be worked in the coal mines. This amendment however was not pushed with the warrior's usual dash and energy, for when Mr. Cummings, a Democratic member of the legislature moved to table it, it was done without a call for the yeas and nays, which could have been ordered upon demand of 5 members. The amendment went posthaste to its grave, the member offering it then thinking, no doubt, that he had satisfied a certain class of his constituents. But what did he afterwards do? The penitentiary lease bill came up immediately for final passage, and Mr. Henry R. Gibson voted for it, unless the journal of the proceedings of that legislature fails to state the truth. It became a law and the convicts went into the mines and are still there. This much he did for the laboring man, I frankly admit that I have no war record, beyond that spoken of heretofore, and that I have a brief and "humble" peace record which perhaps may be somewhat "subordinate" to or less luminous than that of my modest competitor. However I am willing to compare my record in both war and peace to that of Mr. Henry R. Gibson. It is certain I will never, like my competitor,

MAKE A DEMOCRATIC SPEECH

while running as a Republican candidate, and when my Republican friends demand that I do not repeat it, answer them by saying that the Republicans are all for me anyway, and that it is my policy to make Democratic speeches in order to get the support of the Democrats. My competitor complains that Democrats are abusing him. I predict that he will appeal to Democrats yet to help him explain his "soldier record."

It is also certain if my competitor is nominated that I will not treat him as he did me after I was nominated the first time when I went to him and asked him to help me against a Democrat in the special election of 1891, and to which earnest request he replied that the "dignity" of the bench would prevent him from doing so. In this very next general election, when he was about to open his campaign for Congress, two years in advance of the election of 1894, he made sixty speeches, each from one and a half to four hours in length, in the out counties, knowing they were going Republican, and he could claim that "Gibson did it." And he made none in Knox County, thinking the new election laws would make it go Democratic and he could claim "the Houks did that." But in this he was sorely disappointed, because I carried the county by a larger majority than Harrison. In none of his speeches in that campaign did he give me honest and earnest support.

In further consideration of my competitor's lofty and consistent peace record, I quote an amendment offered by him in the constitutional convention of 1870, probably before he got his "eagle eye and gigantic brain" fixed on the chancellorship as a stepping-stone to Congress.

"No judicial officer shall be a candidate before the people for any other than a judicial office, directly or indirectly. And the election of any such officer by the people during his incumbency, or for one year thereafter, shall be absolutely void."

He is still chancellor, and in order to become eligible for membership in Congress in 1894, if he is consistent, he would have to resign his present office, but of course he can not afford to turn his office over to a Democratic appointee of the governor, and being a great, good, and consistent man, there is but one thing for him to do, that is, explain his "war record" and postpone his candidacy for Congress until he is eligible.

I admit that my competitor is right when he says that these are hard times and that the people need their most faithful men to serve them. His theory seems to be that they are the result of the fact that he is not in Congress, while my theory is that they are the outgrowth of a Democratic Administration. He further says that candidates for Congress should be engaged in discussing the needs of the people, etc., instead of throwing mud, comparing war records, and digging in the Democratic graveyards. I am one of those individuals who think that for the present there has been too much demagogical discussion and agitation, particularly upon the

TARIFF AND MONEY QUESTIONS,

for the good of the country by the Democrats and the anarchists, who never ally themselves with either party except with a hope of securing office. I am also one of those individuals who is opposed to mud slinging, false war records, and digging in graveyards.

The history of my competitor is that of a religious mud slinger, and he was the first candidate in this race for the nomination to throw mud over his own signature. I am willing to admit that he tried earnestly to do it in a pious and dignified sort of a way in order to pave the way to evade the discussion of the fact that he was not a soldier "in the Union Army." He built up his false war record before I ever conceived the idea of claiming for myself that I was with the "Union Army." Every reader will bear me witness that he was the first and only candidate for the Republican nomination for Congress to go into the graveyard and dig up old and exploded charges that had been forgotten against my father, with sinister motives. He knows well that it was my father who first developed and revealed the evidence that he was not a soldier, and this, no doubt, accounts for his attack upon the grave.

If he has had so much respect for the office which he now holds as he attempts to make the people believe, and if he has been and still is such a pious and dignified gentleman, broader, bigger hearted, and more open handed than any of his fellow-citizens, I can not conceive how he has become guilty of both public and private slander, deceitful schemes, and petty tricks known only to the arts of the selfish, vain, and ambitious politician. Before concluding I ask you to pardon me for inflicting so much upon you in the way of a card, but I offer as an apology for it the contents of Mr. Henry R. Gibson's card of last Sunday morning, and the fact, though it has not been publicly and generally known, that he has ever since my election to Congress, wherever he has gone in his ramblings through the second district, holding regular terms and special terms of his court, on each and every occasion when he could, speak derogatory of me done so, but at times he has pretended to speak favorably of me only in order that his

STAB IN THE DARK

may be more effective. I am becoming, like my competitor, very much accustomed to abuse and I am entering this race with the expectation of being

struck as I have already been, and of striking back whenever the provocation is sufficient and it is necessary. Like Mr. Henry R. Gibson, I will deny no truthful charges, and unlike him I will prove out of all "untruthful" ones. I have not been a saint. I have been a sinner in some respects, but I am not as mean a man by any means as my enemies make me out, I hope. I am a natural-born Republican, and always expect to be loyal to the faith. I am not as great a man as my competitor, he says, but I think when you become well acquainted with him and all his arts that you will conclude that my character is not so bad but that you can then rank me safely among the class of moderately good people, if you think he can be so classed. I have

TRIED TO DO MY DUTY

as a member of Congress, and at the proper time I think I will be able to show that I have been faithful and accomplished a few things, though small they may be, for the people I represent. I have no ambition whatever to spread out over the United States, or the Western Hemisphere, or the world, like my competitor, but I have been content to concentrate my mind and energies in behalf of the interests of the people of the eleven counties of the Second district. As I have told you once before, I do not claim to be a statesman, and that although I have had a great deal of experience about Washington, I have met not a great many of those kind of gentlemen. My competitor is a statesman, he says, and it may be he has cures for all the ills existing in our Government, but I think after you become better acquainted with him you will find out that all his great remedies and programmes are better before taking than after taking; that is, they have been more effective when applied by their inventor in securing offices for himself than beneficial to the public at large after he has lauded. I am simply a

PLAIN, MODEST MAN,

at least some people say these things of me, but I claim to understand, after large experience, the duties of a Congressman, and it will give me great pleasure to continue earnestly and loyally to perform them as I see them. The gifted and able Thomas A. R. Nelson, when petitioned by many of the ablest men of the State in 1899 to allow the use of his name as a candidate for member of the supreme bench in this State, said: "If it is the pleasure of the people to elevate me to one of the highest judicial offices within their gift, I will, while sincerely distrustful of my own powers, faithfully endeavor to discharge the duties of that exalted station." Now this sentence was uttered by a truly great man. If it had been my competitor in the shoes of the lamented Nelson more than likely he would have replied that "if it is the pleasure of the people to elect me to one of the highest judicial offices within their gift, but not as high as my character and abilities merit, I will take the office and adorn it to their honor, though it brings none to me." The office of Congressman is a great and honorable one, and I sometimes feel that I am hardly the man for the place, and I think I am authorized to state that my competitor agrees with me.

All I ask of the fair and liberty-loving Republicans of this district is to give me an equal chance with all other Republicans who aspire to the position of Congressman—that equal chance lying only in a primary election. My competitor, "who was in the Union Army" upon the same principle that a

COW IS A HORSE

is a very cunning man—few men being able to fathom him until they have studied closely his tactics—and I desire to warn the Republicans of the district against that cunning on one point. On the 6th day of May last he pretended to say he was for a "primary election." Several times since he has used the word "primary" very adroitly, on the face of his expressions to the casual reader who does not understand him it appearing that he is in good faith for a "primary." I charge that he is not unconditionally for one, and that his friends will prevent one if they can. I am

UNCONDITIONALLY FOR A "PRIMARY"

and will with my friends favor one to the last. On the 6th day of May last I publicly asked if he would be in favor of every Republican of the district voting in the "primary" who is 21 years of age and has been in the State twelve months and the county six months. No answer has been made yet. He says if the "primary" was held to-day that he would be nominated by eight or ten thousand majority. I have this proposition to make him: That since he is satisfied he has eight or ten thousand majority among the Republicans, and pretends to be anxious for a "primary," I will ask him if he will say over his own signature he is unconditionally for one, as I have done; that I publicly guarantee that all my friends on the Congressional committee will vote unconditionally for a "primary election," and I ask him to make the same guarantee as to his friends on that committee. Of course, being for the people and a "primary election" he will accept my proposition at once.

Again, apologizing for the length of this card, which had to be written either now or later, I will say that a man who will deceive the people as to his "military record" will deceive them as to his "peace record," and subscribe myself, your obedient servant,

JNO. C. HOUK.

MR. HOUK TO THE COMMANDER IN CHIEF—CORRESPONDENCE AND EVENTS LEADING UP TO THE COURT OF INQUIRY AND THE EXPULSION OF MR. GIBSON FROM THE GRAND ARMY OF THE REPUBLIC.

Mr. Chairman, by the slick snap manipulations of Mr. Gibson's friends in the post who had in the first instance slipped him into the same, I, although a member of the Sons of Veterans, was forced to appeal to the commander in chief before I could get a hearing and opportunity to vindicate myself in the eyes of the public, who naturally presumed at first that the officers of the post would not countenance whitewashing proceedings and that I was in the wrong.

The following letters, which I shall read, explain themselves:

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 20, 1898.

MY DEAR GENERAL: The inclosed is a true copy of a letter, which was sent to the commander in chief of the Grand Army of the Republic, prior to the election of Mr. Adams, through * * *. A few days thereafter I received a letter from the adjutant general of the Grand Army of the Republic, stating that the letter had been referred to the department commander of Tennessee, Frank Seaman, at Knoxville, "for his information and investigation."

In the meantime, however, the Ed. Maynard Post held a meeting, and Mr. Gibson appeared before it, and made a speech, cheeky and full of false statements, after which the post passed a resolution, a copy of which I have not now at hand, to the effect that Mr. Gibson's military record had been investigated, which every member of the post knows to be untrue, and found correct.

At this meeting Mr. Gibson did not demand an investigation, and the post, in the face of such a demand on the part of other members of the post, refused to order an investigation. In this meeting Mr. Gibson stood up in the shoes of a comrade and stated that he had a commission as a lieutenant on Hooker's staff, but which he failed to produce. He also stated that he had an honorable

discharge or muster-out as a lieutenant and brevet captain, signed sometime in August, 1865, by Col. S. M. Bowman, and he pulled out of one pocket and read what he alleged to be the discharge or muster-out, and immediately transferred it to another pocket, and which the post was not permitted to scrutinize. This paper, I am informed, is in Henry R. Gibson's own handwriting. (Since learned that Gibson inserted the date and that the body of the paper is printed with a pen.) From the evidence in my possession, most of which you have seen, whatever paper or papers Mr. Gibson may have showing that he was a soldier must either be, necessarily, irregular or bogus, or clean-cut forgeries.

After this action of the post the department commander, to whom the question had been referred "for his information and investigation," held that before he could pass upon the matter it should come up to him from below and not down to him from above. In the first meeting of the post written charges against Mr. Gibson were not filed, but, acting upon the suggestion of the department commander, written charges were filed in the meeting last night (September 19, 1898), but I have not as yet heard what action the post took in the matter. I have no doubt, however, that the post by the manipulation of certain officers and members, who seem to dominate its proceedings, evaded the question, and that the right of appeal to the department commander, being clear, was taken.

The Ed. Maynard Post has a membership of 212. At the first meeting in which this matter came up only about fifty members were present, and at the last meeting, yesterday evening, I have no doubt that not more than that number were present.

All that I desire in this matter is a fair investigation and the development of the truth. Mr. Gibson's application for admission to membership in the post, some time ago, disappeared from the files of the order (both of Gibson's applications have since turned up), either by design or accident, but the rules of the Grand Army requiring the description book to be so ruled as to embrace every fact of the application, the claims he made in his application clearly appear in the description book, which were that he was "enlisted in the military service of the United States March 17, 1863, as a lieutenant on Hooker's staff, and that he served two years and four months, and was honorably discharged August 4, 1865, as a captain and commissary of subsistence by reason of the close of the war."

I am a Unionist by birth, training, and every-day associations. Every relative on the face of the earth, of whom I have any knowledge were and are intense Unionists. The people of my district were almost universally loyal during the war and are so to-day. First, I think the Grand Army owes it to itself and to the old soldiers of the entire country to go to the bottom of this matter and expose to light all the facts. In the next place, I do not feel that the Grand Army ought to protect and defend and harbor an impostor who is using his membership in the order to make votes among one of the most confiding and loyal people of the nation and break down a member of the Sons of Veterans whose right of membership in that order can not be questioned for an instant. All officials of the War Department and the Third Auditor of the Treasury know, and their records clearly and unmistakably show, that Mr. Gibson is playing one of the cheekiest and boldest games of hypocrisy and fraud that has ever been attempted.

Any honest man, free of prejudice, who will investigate the facts can not help but think as I do in this matter. It is true that I am, in one sense, an interested party, but I have given this matter careful and impartial consideration, and pursued my investigation with the utmost fairness and the sole aim of developing the truth. When I say that from the beginning to the ending of the investigation there has never developed a single circumstance or fact in favor of Henry R. Gibson, I mean it. No man's loyalty to the best interests of the old Union soldiers, their widows and orphans, is superior to mine. To the Union soldiers my father owed his chief successes, and to them I am indebted for much of whatever success I have had.

If the Grand Army does not investigate this matter I believe it is a duty I owe the old soldier supporters of my father and myself to publish the official facts relating to Mr. Gibson's alleged military record from New York to San Francisco, and I will do it if it takes the last dollar I can raise. This long explanation is written with the view of requesting you to refer it to the new commander in chief, Mr. Adams, with the suggestion that you have seen the proof of my charge, and that you consider it sufficient, at least, if such be the fact, to warrant a most thorough investigation.

I am, sir, most respectfully,

JNO. C. HOUK.

Gen. _____,
Washington, D. C.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., August 11, 1898.

MY DEAR SIR: In the interest of the Grand Army of the Republic, and of the true Union soldiers, and of justice, I ask you to read this letter and carefully consider its contents. By so doing I am certain you may prevent what is already a local scandal from becoming a national one, to the detriment of the Grand Army of the Republic, and thus deprive the Bourbon Democrats in Congress of one excuse at least of assailing pensions by assailing the Grand Army of the Republic. My statement shall be open and frank from beginning to end. I am at present the member of Congress from the Second district of Tennessee, of which Knoxville is the largest and most central city.

I am a candidate for reelection—that is, I am a candidate for renomination at the hands of the Republican party. My competitor for the Republican nomination is the present chancellor of the Knoxville chancery division, Mr. Henry R. Gibson. A Republican nomination in my district means two years of service in Congress, that district not having sent a Democrat to Congress for more than forty years, and the territory of which, as it is now made up, has not cast a Democratic majority since Andrew Jackson carried it in 1824. It, therefore, is natural that a candidate for the Republican nomination should take an earnest interest, if he really desires to go to Congress from that district, in the primary election or convention, whichever it may be.

As is natural, Mr. Gibson and myself have taken great pains to investigate the history of each other. Mr. Gibson is a member of the Ed. Maynard Post of the Grand Army of the Republic at Knoxville, and I am a member of the Sons of Veterans at that place. I came into possession of overwhelming evidence that Mr. Gibson was never a soldier or sailor, and is not therefore eligible for membership in the Grand Army of the Republic, and I have so charged through the public prints of Knoxville. I reached Washington on last Monday, and yesterday I received a letter from a confidential friend at Knoxville, in which he stated that certain parties living in that city were making an effort to persuade the Ed. Maynard Post to whitewash my competitor, and thus allow him to reap all the benefits of being a member of the Grand Army of the Republic in that loyal section. Immediately after receiving that letter I sent the following telegrams:

WASHINGTON, D. C., August 11, 1898.

To Commander GAGE,

Ed. Maynard Post, G. A. R., Knoxville, Tenn.:

I am informed Henry R. Gibson will demand some kind of an investigation by the post in connection with his Army record, and that you will appoint

the proper committee for the purpose. The charge I make is that he was never a Federal soldier and has never been eligible for membership in the G. A. R., and I am prepared to prove it to the post, department, or national encampment. Of course I assume the investigation will be on the real question, open, deliberate, impartial, and without evasion, and that neither partisans of Gibson nor myself will be placed upon the investigation committee. Shall I present my proof to the post; if so, when?

JNO. C. HOUK.

AUGUST 14.

Capt. WM. RULE and Commander FRANK SEAMAN,
Members Ed. Maynard Post,
Knoxville, Tenn.:

The membership of Henry R. Gibson in the G. A. R. is already a local scandal, and I hope intemperate action on the part of the post or its officers or members that will make the scandal a national one can be avoided. If the post takes up anything in connection with Gibson's military record, it should be the question of eligibility, upon which all other questions rest. If the post takes up "side issues," and at the same time refuses to take up the real question, in self-defense an appeal will be taken to the commander in chief, if necessary. The post has no right to protect and defend Henry R. Gibson as a comrade when he is ineligible for membership, thus allowing him to use an order in which his membership is null and void to tear me, a member of the Sons of Veterans, down. I hope you will advise common sense and impartial action. This is a very simple question for the post to deal with and all I ask is fair play.

JNO. C. HOUK.

AUGUST 14.

To C. B. GOSSETT, J. A. DOUGHTY, VOLNEY GOSSETT, W. R. MURPHY, and
L. D. JOHNSON (care R. W. Austin), Knoxville, Tenn.:

The charge against Henry R. Gibson is that he was never a soldier, and therefore has never been eligible for membership in the Grand Army. I understand Gibson next Tuesday night will demand an investigation into some "side issue," with a view of being vindicated in such language by his friends and my opponents in the post as to enable him to claim before the public that the post has passed upon his eligibility to membership. Please attend the meeting and demand that the real question be investigated. I have the proof that Gibson was never a soldier, and will furnish it upon call. Put your demand in the form of a resolution of inquiry, and if the investigation is not impartial appeal to Seaman, the department commander. Don't let the real question be evaded.

JNO. C. HOUK.

For fourteen years my father, the Hon. L. C. Houk, now deceased, was the member of Congress from that district. During all his canvasses ninety-nine out of every one hundred, almost, of the ex-Federal soldiers gave him loyal and unyielding support, but somehow or other the officers of the Ed. Maynard Post, or nearly all of them, were nearly always against him.

My first nomination was received by a popular vote of the party, my majority being 9,500; and I was unanimously renominated the second time. In each race one of my main supports was the rank and file of the ex-Federal soldiers, while the officers and others who dominated the Ed. Maynard Post were opposed to me in each of the preceding races, and are opposed to me in this, the commander and a few others connected with the post going so far, I am informed, as to denounce me on the street. It may be that they were conscientious in their denunciation, growing out of the fact that Mr. Gibson has filled their eyes with sand.

If the Ed. Maynard Post continues to allow Mr. Henry R. Gibson to reap the benefits, in his aspirations for office, of his membership in that order, it is only a question of time until it has lost its usefulness for good in the Second Congressional district of Tennessee. In my fight I am but exercising the natural law of self-preservation. The War Department sustains my charge. I am overwhelmingly armed with proof, which is in the vaults of the Mechanics' National Bank at Knoxville, Tenn. A greater imposition was never practiced upon any people than that practiced by Henry R. Gibson upon the people of east Tennessee. I should have stated just awhile ago that I am backed by the War Department as to the charge that Henry R. Gibson was never a soldier, and that I am also backed by the Treasury Department to the effect that he was never anything except a commissary clerk during the time he claimed to have been a soldier. Now, I ask you to take this matter under consideration, and, after you have carefully read this letter and the card which appears in the accompanying newspaper, to take such steps as may to you seem proper.

Henry R. Gibson was elected to his present position as chancellor as much on account of his having been an ex-Federal soldier, as supposed, as on account of anything else. But I do not propose, if I can help it, that he shall be elected to Congress with the understanding that he was a soldier in the Federal army, and has a right to be a member of the Grand Army of the Republic.

Since writing the above, I have sent the following telegram:

"AUGUST 14, 1893.

"To R. W. AUSTIN or JOHN W. CONNER, Knoxville, Tenn.:

"Just left War Department. Colonel Ainsworth, charge of Records, says any commission Gibson presents is worthless: that he was never mustered in or out as a soldier. If any persons desire to whitewash him it is their privilege to try it.

"JNO. C. HOUK."

If you can not yourself thoroughly investigate this matter, please refer it to your adjutant-general, or other proper party, and direct that he go to the bottom of it.

I am, very respectfully,

JNO. C. HOUK, M. C.

Gen. A. G. WEISSERT.

Commander in Chief G. A. R., Headquarters, Milwaukee, Wis.

THE SECOND WHITEWASH BY THE OFFICERS OF THE ED. MAYNARD POST.

Mr. Chairman, the first whitewash by the officers of the post was perpetrated when they deliberately slipped Mr. Gibson into the same without hinting in open meeting of the post the most extraordinary set of circumstances surrounding his case.

It is morally certain if the few officers of the post had done their solemn duty it would have indignantly rejected Mr. Gibson's application.

The second whitewash, to their eternal shame, was perpetrated

by the same set of unprincipled officers who smuggled him in. I will read the following accounts of outrage No. 2:

[Knoxville Republican.]

WAS IT A WHITEWASH OR VINDICATION?—THE ED. MAYNARD POST HAS UP COLONEL GIBSON'S CASE ON TUESDAY NIGHT—NO INVESTIGATION ORDERED, BUT A RESOLUTION ADOPTED.

The Ed. Maynard Post met in regular meeting Tuesday night with a fair attendance, about 50 out of 212 members being present, as it had been rumored for several days that Colonel Gibson's case would be brought up for consideration.

It had been asserted that Colonel Gibson himself would demand the appointment of a court of inquiry or committee of investigation to investigate and report upon his standing as a G. A. R. man.

No such request was made by Colonel Gibson and there was none appointed. Colonel Gibson did call attention to these charges, and read before the post certain papers. And the post without further inquiry or proof adopted the following resolution:

"Resolved by Ed. Maynard Post, No. 14, Department of Tennessee, G. A. R., That the army record of Comrade Henry R. Gibson has been fully investigated and found correct; and that Comrade Gibson made no misrepresentations whatever, but obtained his membership in this post honorably, and after due investigation of his army record by a committee of this post to whom his application was referred."

It was ordered that a copy of the resolution adopted be sent to the various Grand Army posts in the State of Tennessee.

The injunction of secrecy was removed so that members of the post could talk about the matter in the outside. The Democratic press of this city reports, in order to help Colonel Gibson out, that the vote stood 33 to 1. The Republican is informed by several members that while only one vote was cast against the resolution, that many of the fifty members present did not vote at all.

Much talk was heard on the streets Wednesday and yesterday.

The Gibson men claim it is a knockout, and the Houk men say it was an attempt at whitewash. The Gibson men say that the colonel showed documents proving that he was a soldier, a lieutenant on Hooker's staff, and had an honorable discharge as captain and commissary of subsistence. The Houk men say that these papers were bogus, and that he put them back in his pocket and did not demand an investigation. They say that Gibson admitted that he was never mustered into the service, and that his claim that he was mustered out is ridiculous, as a horse could not be turned out of a lot that he was never in. They say that Gibson denied that he wrote the Secretary of War in July, 1865, admitting that he was never enlisted, never was a soldier, and had no discharge, and that when a comrade stated that he had seen a certified copy of this letter, and asked time to show it, that the post refused to wait, and that the vote was taken with no evidence before it from those who had charged that Mr. Gibson was never in the Army.

No evidence was submitted that Mr. Gibson was not a soldier, because no time was given. Some members of the post felt that the whole thing was cut and dried. Such men as comrades Rule, Ramage, Kearney, Gossett, and other prominent members of the post, advised that it would not look well to take such hasty action; that it was not doing the post justice, and would do Colonel Gibson no good. They urged that time should be taken and a thorough investigation be made, but this was not done. Some members of the post are indignant, and assert that they will prefer charges against him at the next meeting in such a way as to force the post to look into the matter.

We are unable to say to our readers just where the truth lies. We can not get a chance to see Colonel Gibson's pretended documents. He has them in his own possession. He will not let them be examined.

On Wednesday we wrote him the following letter, and had it delivered to him in person, to wit:

KNOXVILLE, TENN., Aug. 15, 1893.

DEAR SIR: There are so many conflicting rumors upon the streets to-day as to what action the Ed. Maynard Post took on your case last night, and as to just what papers you read to said post, upon which it based its action, my paper is unable to publish for its readers any intelligent account of the same. Therefore, in order that we may publish the truth for the benefit of the public, I desire to know if you will allow a representative of this paper to examine all of said documents, and take copies of the same for publication.

Inasmuch as the post removed the injunction of secrecy, there can be no wrong in doing this, and inasmuch as our readers want, and expect the truth, I hope you will grant this request.

Awaiting an early reply, I am,

Yours truly,

R. W. AUSTIN, Ed. Rep.

HON. HENRY R. GIBSON, City.

To this communication he sent back the answer, "I have no reply to make." The fault is not ours. We would print the truth if we could get it. Our readers must judge for themselves where the truth lies. We will aid them all we can. We think Mr. Gibson owes it to the community to produce his proof before the public, as he must be tried by the people, and ought to know that fifty friends can not get together in Knoxville, upstairs, and bind the 25,000 Republicans of this Congressional district. No sleight-of-hand performance will win before the Republicans of this country. We predict that the people will never see for themselves these records—if they are not genuine. The people must know the facts, as they must decide the case.

Congressman Houk only wants a fair, open investigation, and sent the commander of the post the following dispatch:

[Copy of telegram sent.]

HOUSE OF REPRESENTATIVES, UNITED STATES.

Washington, D. C., August 11, 1893.

TO COMMANDER GAGE,

Ed. Maynard Post, Grand Army of the Republic, Knoxville, Tenn.:

I am informed that Henry R. Gibson will demand some kind of investigation by the post in connection with his army record, and you will appoint the proper committee for the purpose.

The charge I make is that he was never a Federal soldier, and has never been eligible for membership in the Grand Army of the Republic, and I am prepared to prove it to the post, department, or national encampment. Of course, I assume the investigation will be, on the real question, open, deliberate, impartial, and without evasion, and that neither partisans of Gibson nor myself will be placed upon the investigation committee. Shall I present my proof to the post, and if so, when?

JOHN C. HOUK.

[Knoxville Republican.]

SCRATCH OUT THE LIE!

Gentlemen of the Ed. Maynard Post, No. 14, G. A. R., you were persuaded by Henry R. Gibson recently, eight years after his admission to your post, to pass the following resolution, which now disgraces the records of your sacred order:

"Resolved, That the army record of Comrade Henry R. Gibson has been

fully investigated and found correct; and that Comrade Gibson made no misrepresentation whatever, but obtained his membership in this post honorably, and after due investigation of his army record by a committee of this post to whom his application was referred."

The Republican is chiefly read and supported by the gallant ex-Federal soldiers and Unionists of East Tennessee. It lives for and by them. It acknowledges a superior devotion to their cause on the part of no paper, man, or set of men, and it claims the right to speak plainly in this matter. When Henry R. Gibson imposed this resolution upon you he put on your official records a black and damnable falsehood, placing you in the light before the public of being largely responsible for his deceit and fraud, if not forgery.

As soon as he perpetrated this infamy upon your honorable order and a confiding public, he continued his dishonorable course by sending printed copies of the resolution throughout this section with a note at the bottom in his own handwriting that "it was passed by a vote of 53 to 1," proof of which action on his part we have in our possession.

We believe—yes, we know—your post is made up almost universally of good and intelligent citizens, but you have let your confidence and trust in the integrity of a so-called "comrade" bring disgrace upon you and your true comrades everywhere. You owe it to the ashes of the gallant Ed. Maynard, who was a real soldier, and whose name honors you, to wipe the stain from your official records—to tear from the book the leaf which contains the awful resolution.

The Grand Army of the Republic has no right to turn Chris Bathman, a poor and humble man, out of the order because he has no record as a soldier, and retain a confessed fraud like Henry R. Gibson, who is a judge. Such discrimination can lead but to the dissolution of your holy organization. In this hour of Bourbon onslaught upon those who saved the nation, it behooves the Grand Army of the Republic to keep itself pure and free from impostors, big and little.

We beg your post for nothing, for we are armed with the truth. But we appeal to you in the name of the 31,000 sturdy warriors East Tennessee sent to fight for the flag in 1861-1865, to remove the stigma that attaches to them in the eyes of the nation by reason of the records of your post proclaiming a fraud to be an ex-Federal soldier.

The brain and heart of every warrior of these loyal mountain men can possess no conviction in the light of the facts but that you have done them an injustice if you do not blot out, destroy, burn the resolution in which you have been deceived into declaring an impostor to be an ex-Federal soldier.

The grave of every dead mountaineer patriot heaves in its effort to speak against dragging the name "soldier" in the mire by such a false resolution.

The aged and feeble widow, with one foot in the grave, and the orphan of every old soldier of these mountains ask you not to dishonor their husband and father by allowing this resolution to remain a part of the records of your post. Thousands of deserving soldiers, widows, and orphans who are justly seeking pensions cry aloud in their want, sickness, and waning hopes to you not to weaken their cause by adhering to this resolution.

There is no section of the land which glories more in the word "soldier" than east Tennessee, and you are warned that her loyal sons will, unless you do your duty and strike the resolution from your records, begin and carry forward an agitation which will sooner or later shake the very earth beneath your feet.

A few months ago the cloud was no larger than a little finger; now it may not be larger than a hand, but soon it may cover the heavens and be accompanied by a veritable cyclone, reaching from ocean to ocean. A fundamental principle is involved, and it is the corner stone of the G. A. R. In order to save himself Henry R. Gibson is willing to sacrifice your post by persuading it to violate that fundamental principle. Will you let him do it?

The resolution says, "The army record of Comrade Henry R. Gibson has been fully investigated and found correct." When and by whom was "the army record" investigated and what was it found to be? Gibson has admitted that he was "in the Union Army" as a "commissary clerk." Did the post find "the army record" to be a record of service as a "commissary clerk"? If it did, why was Henry R. Gibson entered on the records of the post as having enlisted as a "Lieutenant on Hooker's staff and as having been honorably discharged as a captain and commissary of subsistence," as claimed in his application? Did the alleged investigation by the post reveal that Gibson told the truth in his applications? If so, where is the proof? When was the investigation made, and what man will say over his signature he was on the committee and found Gibson stated the truth in his applications?

The resolution further says, "that Comrade Gibson made no misrepresentations whatever, but obtained his membership in this post honorably." No honest man in the Ed. Maynard Post would sign such a statement if he knew its contents and is acquainted with the cold and premeditated falsehoods embraced in Gibson's applications.

If Gibson, in his own handwriting, stated in applying that he was a lieutenant, etc., and captain, etc., when he was never either, with the eligibility clause right before his eyes, can any honest man claim he never got in by misrepresentation? Could he have "obtained his membership honorably" if he did not state the truth in his application?

Gibson, by hoodwinking the post into passing this infamous resolution, seems to put the post in the light of having admitted him, although at the time he knew he was a liar and a fraud and was never anything but a commissary clerk.

But we contend the post never understood the import of Gibson's resolution when he by his willing agent presented it for passage.

The post accepted his statements in the applications as truthful—without any investigation—and acted upon them in good faith by admitting him to full membership. If this is not true the post is as corrupt as Gibson and they have jointly perpetrated a wicked fraud on the public at large. As we have said before, Gibson's applications were accepted as containing truthful statements and acted upon in good faith without considering anything else other than Gibson's own intangible verbal assertions.

To repeat for emphasis, did the post "investigate" his "army record" and find it to be "correct" in that he was a "commissary clerk" and then admit him as a "Lieutenant on Hooker's staff, and as a captain and commissary of subsistence"? We have too much faith in the integrity of the individual members of the post to insinuate such a thing. Or was the investigation made into his "army record" and was it "found to be correct" in that he was actually a "Lieutenant on Hooker's staff and a captain and C. S. Vols."?

This is impossible, for there has never existed the slightest evidence that he had such an "army record." On the contrary a proper investigation would have revealed the astonishing truth that he never had a record of any kind as a soldier, and that he had never in fact been a soldier.

If an investigation was made and his "army record" as a soldier was found to be "correct" alleged evidence of the fact must have been presented by Gibson and accepted as genuine by the post. Supposing this to be true, what was that evidence? Where is it now? If it can not be produced now, what is the reason? We contend that no investigation has ever been made by the post as a post, and that the post, on account of Gibson's high position as a judge and generally supposed keen sense of honor, placed unlimited confidence in the truthfulness of his written applications and his additional verbal statements, without even writing a letter to the War Department, and let him in.

If the post when Gibson was admitted wrote to the War Department, the original letter in reply or a certified copy of the same could be very easily produced. Certainly in the absence of regular papers in the hands of Gibson the post never "investigated" his "army record" without writing the War Department, and if it did this we know the War Department stated Gibson had no "army record" as any kind of a soldier.

Gentlemen, you are compelled to admit that Gibson was admitted because he made an application, as the ironclad laws of your order require, and in it stated he "was enlisted March 17, 1863, as a lieutenant on Hooker's staff, and was honorably discharged as a captain, and C. S. Vols., on August 4, 1865."

Every man acquainted with the facts knows this to be an impudent falsehood, and this being true, what honest man can say that "Comrade Gibson made no misrepresentations whatever, but obtained his membership in this post honorably?" Scratch out the lie, cunning, audacious, and infamous!

Gentlemen, we know, and we know you know, Henry R. Gibson has never presented a commission to you as a lieutenant on Hooker's staff, or an honorable discharge as a soldier of any kind. We know, and we know you know, he has never presented to you a muster in of any kind.

We know, and we know you know, the alleged muster out he presented is on its face and in almost every surrounding circumstance irregular, insufficient, and fraudulent, and bears strong evidence of being a cunning, deliberate, and bold forgery.

We know Henry R. Gibson, like the guilty man he is, refuses to send his bogus muster-out up to the commander in chief or the War Department, as any true soldier would do under similar circumstances, so they may inspect it, or to allow it to be photographed and a facsimile of it to be printed in the newspapers so the people may pass upon it; that he had admitted his ineligibility and that he has never at any time been eligible; that if no other evidence of any character whatever existed of his ineligibility his letter to the Secretary of War, July 12, 1866, is sufficient to convince any Grand Army man that he should never have been admitted to and should be put out of the post at once. You have already too long protected an impostor at the expense of the G. A. R. Your pity and sympathy for a vain, bigoted and unscrupulous "comrade," for whose predicament he alone is responsible, have already carried you too far. You can not, if you would, cover up his crimes. They will find him. You should retrace your steps and do it quick.

"Falsehood is cowardice—truth is courage."

FURTHER CORRESPONDENCE WITH THE COMMANDER IN CHIEF.

Mr. Chairman, I will read the remainder of the correspondence leading up to the appointment of the court of inquiry, and I invite the closest attention of the committee and the House. This case presents the strongest possible argument for the enactment of my proposition into law, and I believe when the startling facts in my possession are generally known a universal sentiment will demand that it be made the law:

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 20, 1893.

MY DEAR SIR: Since General — wrote you to-day, inclosing two letters from me relating to Henry R. Gibson's membership in the Grand Army of the Republic, at Knoxville, Tenn., I received the following telegram:

"KNOXVILLE, TENN., September 20, 1893.

Hon. JOHN C. HOUK, Washington, D. C.:

"The post laid the written charges against Henry R. Gibson on the table. An appeal was taken to the department commander."

All my evidence, which is as conclusive as it is voluminous, is at Knoxville, Tenn., and as soon as it has been laid before the department commander it will be forwarded to you. All I ask is fair play, and the development of the truth. I do not think the Grand Army at Knoxville should be prostituted to the purposes of tricky politicians and military impostors like Henry R. Gibson. In the face of the present onslaught against the pension system, I think it will appear to you to be better for the East Tennessee pensioners at least for this matter to be sifted and straightened out at the very earliest date practicable. I do not know when the department commander at Knoxville will consider and act upon the appeal. I will express to you to-morrow a photograph of a letter written by Henry R. Gibson July 12, 1866, after the war had closed and after he had migrated to Tennessee, and which is on file in the Adjutant-General's Office, at the War Department.

I am, sir, very respectfully,

JNO. C. HOUK, M. C.

To the Commander in Chief of the Grand Army of the Republic.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 20, 1893.

To the commander in chief,

Grand Army of the Republic, Lynn, Mass.:

I herewith hand you an affidavit of Volney F. Gossett, a prominent member of the Ed. Maynard Post, of Knoxville, Tenn., in good standing, in which he says "that the above is a true and correct copy of the charges preferred by him against Henry R. Gibson at the meeting of the said post (Ed. Maynard Post, No. 14.) on Tuesday, September 19, 1893, and that the post refused to take action on the charges, and that a motion to table the charges was made and carried; that he endeavored to appeal from the action of said post and that he was denied the right of appeal."

I have learned that the department commander has not as yet taken jurisdiction of, allowed, or recognized the appeal prayed and denied in the post. Of course I do not know why the department commander so unreasonably delays action in the face of the references of the matter a month or two ago by the commander in chief, General Weissert, "for his (the department commander's) information and investigation."

I am not a member of the Grand Army of the Republic, but I am a member of the Sons of Veterans at Knoxville, Tenn., and in a position to see and know enough to enable me to establish that the action of the post is unprecedented, ridiculous, and inexcusable, if not worse.

It certainly does seem to me that a sacred order of the standing and proportions of the Grand Army of the Republic has a power lodged in some official or officials to take hold of and correct the wrongful acts of a post, detrimental in their every effect to the interests of the order, when the department commander fails within a reasonable time to do so.

I also hand you herewith a true copy of a letter which I have just sent to the commander of each of the one hundred posts in the department of Tennessee.

So far I have published only a very small proportion of the evidence which I have, but the point has about been reached where the conditions of the situation require that I should give the public all my proof in self-defense. However, before doing that my sincere interests in the welfare of the Grand Army of the Republic make me feel that I should hesitate, or delay my exposure until the Grand Army of the Republic extricates itself from the unenviable position into which the action of the Ed. Maynard Post has placed it. But the

law of self-preservation is a natural one, and no person can be blamed for exercising it. I am willing to endure a great deal, but endurance in this matter has about ceased to be a virtue. There is a sore on the body of the Grand Army of the Republic at Knoxville, Tenn., and it should be lanced at once. Is it possible there is no physician who will come to the relief of the patient? I am, sir, very respectfully,

JOHN C. HOUK.

[Charges against Gibson.]

Personally appeared before me, a clerk of the United States circuit court for the eastern district of Tennessee, Volney F. Gossett, of Knoxville, Knox County, Tenn., well known by me to be reputable and entitled to full credit on oath, who makes oath in due form of law that he is a member of the Ed. Maynard Post, No. 14, Grand Army of the Republic; that the above is a true and correct copy of the charges preferred by him against Henry R. Gibson at the meeting of said post on Tuesday, September 19, 1893.

He further states that the post refused to take action on the charges; that a motion to table the charges was made and carried; that he endeavored to appeal from the action of the said post, and that he was denied the right of appeal.

V. F. GOSSETT.

Subscribed and sworn to before me this 28th day of September, 1893.

[SEAL.]

H. H. TAYLOR, Clerk,

By J. T. CARTER,

Dept. Clerk of the U. S. Circuit Court,
Northern Division Eastern District of Tennessee.

[Knoxville Republican.]

THE CHARGES—GIBSON'S FRIENDS VOTED TO LAY THE CHARGES ON THE TABLE—THEN DENIED AN APPEAL TO THE DEPARTMENT COMMANDER—THE CHANCELLOR SAT AS DUMB AS AN OYSTER AND DID NOT DEMAND AN INVESTIGATION.

The Ed. Maynard Post, at its meeting on September 19, 1893, again had up the war record of Colonel Gibson. The following charges were preferred by a member of the post, to wit:

To the commander of Ed. Maynard Post, No. 14,
of the Grand Army of the Republic, Knoxville, Tenn.:

SIR: I charge that Comrade Henry R. Gibson, who is a member of the above-named post, and who is in the full enjoyment of all the honors and advantages of such membership, is not eligible for membership in the said order for the following reasons:

The said Henry R. Gibson was never a soldier or a sailor of the United States Army, Navy, or Marine Corps, who served between April 12, 1861, and April 9, 1865, in the war for the suppression of the rebellion, and never having been honorably discharged from such service, and was never a member of any State regiment that was called into active service and subject to the orders of the United States general officers between the dates mentioned. I charge further that Comrade Henry R. Gibson has been disobedient to the rules and regulations of the order to which he belongs and guilty of conduct prejudicial to said order, because he falsely stated in his application for membership in said post that he had been a soldier; that he enlisted March 17, 1863, as a lieutenant on General Hooker's staff and received an honorable discharge and muster out August 4, 1865, as captain and commissary of subsistence.

I charge further that Comrade Henry R. Gibson has injured the cause of the Union soldiers and placed Ed. Maynard Post of the Grand Army of the Republic in an unenviable position, because he has falsely proclaimed that his post would stand by and vindicate him and fight his battles after it had become known to many citizens and old soldiers that he, the said Henry R. Gibson, was never a soldier and is not eligible to membership in the Grand Army of the Republic. And because he has industriously given circulation to all references to himself as a veteran of the late war, when in fact he was never a soldier at all; and that he cunningly induced the Ed. Maynard Post at its last meeting in August, 1893, to adopt a resolution declaring that his war record was straight by reading to the post certain papers pertaining to his standing as a soldier which I charge was unauthorized, irregular, fraudulent or forged; and further that he denied to said post, upon the honor of a comrade, that he wrote the Secretary of War a letter in July, 1866, in which he admitted that he was never an enlisted soldier, but asked for a commission as captain or any less grade, when in fact he had written such a letter and well knew it when he made such denial.

I am a member of this post, and as such I make the above charges in the interest of truth and for the good of the order. I have in my possession the proof to sustain every charge and demand that an investigation be made in accordance with the rules and regulations governing such cases.

As soon as these charges were presented and read, a strong friend of Colonel Gibson sprang to his feet and moved to lay the charges on the table, and every friend that Gibson had present voted for the motion, and it carried. Then an appeal was prayed, but they claimed that no appeal could be taken. It was a desperate effort on the part of Colonel Gibson and his friends to smother an investigation. One member of the post turned to Colonel Gibson and appealed to him, and said: "Colonel Gibson, if you are an honest man, if you were a soldier, if you are rightfully a member of this post, why don't you get up here and demand an investigation?" But "Comrade" Gibson could not speak. His wonderful power as an orator failed him. He sat as dumb as an oyster. Here was the time to speak. The good of the order demanded it. His own reputation was at stake. Even John Houk, "that silent man," would have talked then. But the "veteran orator" dared not open his mouth. The post can not smother the matter longer. It will now go to the department commander, who will take action on it.

KNOXVILLE, TENN., September 17, 1893.

SIR: I desire to call your attention to the inclosed copy of charges presented by myself to the Ed. Maynard Post, No. 14 of this place, at its last meeting, and to request that you take the responsibility of investigating the eligibility of Henry R. Gibson to membership in said post. I make this appeal to you for the reason that the said post will not make an investigation.

I await your pleasure in the matter, and will forward proof I have in hand whenever you desire the same.

Yours in F., C., and L.,

(Signed)

Commander in Chief,
Grand Army of the Republic,

Lynn, Mass.

V. F. GOSSETT.

P. S.—I was informed by Hon. William Rule, United States pension agent at this place, editor of the Knoxville Daily Journal, and a member of the Grand Army of the Republic, that while in conversation with Henry R. Gibson about his eligibility as a member of the Grand Army of the Republic, the said Gibson admitted (?) that he entertained doubts (?) himself as to his eligibility in the said organization, and that he (Rule) told Gibson that he had no right in it, and should withdraw from the Ed. Maynard Post.

(Signed)

V. F. GOSSETT.

KNOXVILLE, TENN., October 5, 1893.

SIR: I, as a member of the Ed. Maynard Post, No. 14, of the Grand Army of the Republic, at a regular meeting of said post on the 19th day of September, 1893, preferred written charges against Comrade Henry R. Gibson, which not only alleged that he had been guilty of conduct prejudicial to the order of the Grand Army of the Republic, but that he is not eligible to membership in said post.

The charges were by a vote of said post laid on the table. I prayed an appeal, which was refused. I then asked that a certified copy of the charges and the action of the post thereon be furnished you as the department commander, but this the post also refused to do.

Now, sir, in view of this extraordinary and unheard of action on the part of the post, I ask you to examine the charges referred to, and look into the action of said post to the end that you may order or cause to be ordered such an investigation as will establish the truth in the premises and purify the membership of said order.

In order that you may see that said charges are not frivolous, I inclose herewith a true copy of the same.

I am, sir, with very great respect, yours, in F., C., and L.,

(Signed.)

Hon. FRANK SEAMAN,

Department Commander, Knoxville, Tenn.

V. F. GOSSETT.

HOUSE OF REPRESENTATIVES, UNITED STATES.

Washington, D. C., October 5, 1893.

MY DEAR SIR: The within telegram is referred to you with the statement that it relates to the case of Henry R. Gibson, pending before the Ed. Maynard Post at Knoxville, Tenn.

The high-handed course of this post in allowing itself to be manipulated to shield Henry R. Gibson, who is notoriously a member of the post by deliberate fraud, if not by forgery, will not be indorsed by the old soldiers and Grand Army men in Tennessee, and in the eyes of the public generally the action of the post will be pointed to as the only black spot in the history of the Grand Army of the Republic in east Tennessee.

I have advised my friends from the beginning to make no effort whatever to pack or control the post in this matter. They have been told in every instance to simply file the charges against Mr. Gibson and let the post act of its own free will. It has now acted three times in direct violation of the rules of the order, and brought disgrace upon the name of soldier in proportion to the extent of its influence, which I assure you will be quite limited in the future in my section if its present course is persisted in.

I shall now proceed to lithograph various documents, and publish all of my evidence in pamphlet form, and send a copy of the pamphlet to every Grand Army post in the United States and to every voter in my Congressional district. What I shall do shall be done in self-defense, and in the interest of the genuine ex-Federal soldier. I give way to no man in admiration and respect for the sacred order of the Grand Army of the Republic, and whatever I may do will be done more to protect that order than to injure it.

I am, sir, most respectfully,

JNO. C. HOUK, M. C.

Capt. J. G. B. ADAMS,

Commander in Chief, G. A. R.,

(Care Gen. A. G. Weissert,)

Milwaukee, Wis.

[Telegram.]

KNOXVILLE, TENN., October 4, 1893.

Hon. JOHN C. HOUK, M. C.,

Washington, D. C.

Replying to yours second. Motion made to take charges from table; this motion tabled; commander ruled appeal could not be taken or copy of record given Gossett or furnished department commander, and post indorsed this ruling.

INVESTIGATION BY COURT OF INQUIRY ORDERED AT LAST.

Mr. Chairman, here is the order directing the appointment of the court of inquiry:

[Special Order No. 8.]

HEADQUARTERS DEPARTMENT OF TENNESSEE,
GRAND ARMY OF THE REPUBLIC,
Knoxville, November 30, 1893.

I. Information having been filed with the department commander by a comrade of Ed. Maynard Post, No. 14, alleging that Comrade Henry R. Gibson, mustered into Ed. Maynard Post, No. 14, of this department, in April, 1865—basing his claim to membership on having served as lieutenant and aide-de-camp on the staff of Major-General Hooker and as captain and commissary of subsistence, United States Volunteers, had never served in the military service of the United States as claimed by him in his application for membership; and questioning the right of said Gibson ever to have been a member of the Grand Army of the Republic. The comrade filing this information also alleged that the information had been presented to Ed. Maynard Post at a regular meeting thereof, and that the post had refused to investigate the same. The department commander, in the absence of any express provision of R. and R. to that effect, doubted his authority to order a court of inquiry to investigate the eligibility of Comrade Gibson to membership. He thereupon referred the matter to the commander in chief, who has issued the following order:

[Special Order No. 3.]

HEADQUARTERS GRAND ARMY OF THE REPUBLIC,
Lynn, Mass., November 8, 1893.

I. Comrade Frank Seaman, commander Department of Tennessee, Grand Army of the Republic, is hereby directed to order a department court of inquiry to convene at once at Knoxville, Tenn., to examine into the membership of Henry R. Gibson, of Ed. Maynard Post, No. 14, Department of Tennessee; and to especially inquire into the said Gibson's eligibility to membership in the Grand Army of the Republic. The papers and findings in this case to be forwarded to these headquarters as soon as possible.

By command of John G. B. Adams, commander in chief.

(Official.)

JAS. F. MEECH,

Adjutant-General.

II. In obedience to Special Order No. 3, Headquarters Grand Army of the Republic, a court of inquiry is hereby ordered to convene at the hall of Ed. Maynard Post No. 14, Harris Building, Knoxville, Wednesday, November 29, 1893, at 10 o'clock a. m., for the discharge of the duty specified in said order No. 3. The court will continue in session from day to day until the examination is concluded to the satisfaction of the court. The rules given in the Blue Book for the government of courts-martial will apply as far as practicable.

III. The following is the detail for the court:
 Senior Vice-Department Commander H. W. Veasey, past commander Post 94, president of the court.
 Department Chaplain Rev. W. B. Rippetoe, Post 18.
 Past Department Commander Wm. J. Ramage, past commander Post 14.
 Past Department Chaplain M. M. Harris, past commander Post 14.
 Past Assistant Adjutant-General Halbert B. Case, past commander Post 2.
 Past Assistant Quartermaster-General Thos. H. Heeves, past commander Post 35.
 Comrade A. M. Gamble, A. D. C. Dept. staff, past commander Post 39.
 The court will designate one of its members to act as recorder.
 Comrade J. A. Reep, A. D. C., Post 14, is detailed as orderly during the sessions of the court.

IV. A complete record of the proceedings of the court, including the original, or properly attested copies of, papers submitted as evidence, will be forwarded to these headquarters without delay, for transmittal to the commander in chief.

By command of FRANK SEAMAN, Department Commander.

CHAS. H. OGDEN,
 Assistant Adjutant-General.

CONVICTED OUT OF HIS OWN MOUTH.

Mr. Chairman, I now submit a portion of the testimony submitted under oath by Mr. Gibson before the court of inquiry. This report is as full as I have been able to secure up to date. It is nothing but a string of premeditated falsehoods. Its cold-blooded wickedness will be clear to all who listen. Under oath he convicts himself. When we contemplate that the witness at the time he testified was a judge upon the bench, it is hard for us to understand how he was so reckless, conscienceless, or foolish as to commit moral if not legal perjury by swearing that his military papers were genuine, and in another breath admitting that some of his papers were fraudulent!

Henry B. Gibson, next witness, called on his behalf, having been first duly sworn, testified as follows:

I live in the city of Knoxville and am judge of the chancery court of the second chancery division. Am 55 years old.

In March, 1863, I was in the city of Washington subbing in the commissary department, of which Col. Amos Beckwith was the head. The gentleman in that office took considerable interest in me because of the fact that I had previously lived in South Carolina, and was an intensely loyal man.

Capt. A. P. Bilyeu, some months before that time, had been quartermaster of a Pennsylvania regiment in the defense of Washington City. He was wholly incompetent to discharge the duties of his position, but he was a man of great political power in Philadelphia, Pa., his home. He had been a contractor for many years in the building of houses, having built one or more solid blocks of houses in Philadelphia, and had at various times thousands of men in his employ. At that time the sentiment at Washington City seemed to be that our military affairs were very unpromising. The Army of the Potomac, the previous December, had been badly beaten at Fredericksburg, and the movement a month or so thereafter ended in the Army getting stuck in the mud and being withdrawn to their winter quarters.

Affairs in the Southwest were then very discouraging, and the authorities at Washington felt the necessity of having all possible help from public opinion. The question of removing Captain Bilyeu was discussed, and it was decided that he was a man of too much political influence to take that step. His Congressman, Judge Kelley, vigorously protested. It was thereupon agreed that instead of removing him they would promote him, making him a captain in the commissary department, which was accordingly done.

Inasmuch as he was a man accustomed to outside work he was put in charge of the fresh beef department of the Army of the Potomac. That department issued to the army about 600 head of beef cattle a month. I was asked by Col. Amos Beckwith how I would like a position under Captain Bilyeu? I replied that I would like to have one if it was agreeable. On reaching Aquia Creek Captain Woodward informed me that I had been selected to perform the duties ordinarily incumbent upon Captain Bilyeu, but that the old captain was absolutely incompetent, drunk part of the time; when not drunk was half crazy.

I was somewhat appalled at that presentation of affairs—the fact of his incompetence and his idiosyncrasies not being known to me previous to that time, although I knew of his ignorance. I thereupon went to a place near Marlboro Point, near Aquia Creek, where the Government corral was, and found Captain Bilyeu there, and a great corral in front, made of immense logs, cutting off a neck of land. I made myself agreeable and continued to act from that time on. When the pay roll was first made out he had a son there, George W. Bilyeu, who was acting as chief clerk, although the understanding was that I was to act as chief clerk. I did not object to Mr. Bilyeu acting, because there were only a few days remaining. He acted as chief clerk the balance of that month. The next month, if I remember rightly, in order to ease things off as much as possible, I acted simply as clerk, perhaps for some time as clerk, but came in ahead of Mr. George Bilyeu in control and management. I remained in that position until after the battle of Chancellorsville. I was connected with the Army at that battle, being at Sedgewick. Before the battle all the beef cattle on hand were apportioned among the various Army corps, so that we had none left; that is, none except two. There is no need to mention that. After the battle of Chancellorsville we were ordered up to Alexandria, Va., and continued, you might say, skirmishing more or less between Alexandria, Va., and Gettysburg until after that battle was fought.

I will say in this connection that some of those reports that were read upon yesterday were made in such convenient places as I could get a rest. I had an ambulance with two horses, two field desks, two field tables, a hospital tent, with patent flexible flooring, and attended to all the office work. Captain Bilyeu, on horseback, attended to the outside work. We were constantly receiving and sending out beef cattle for the army, and occasionally had large herds that had been pasturing in various parts of the State of Maryland on which we could draw. During this time various orders were issued to me, directing me to do so and so; that is, to issue cattle, to report at such and such places. On one occasion I bore a dispatch from Lieut. Col. George Bell, at Alexandria, Va., to Lieutenant-Colonel Sturdevant, at Edwards Ferry, while the main body of the army was marching to Gettysburg. Edwards Ferry is about a two days' march to the site of the battle of Gettysburg; and in other ways I was recognized as something more than a clerk. These orders were issued by a higher authority than Captain Bilyeu, and were issued to me direct. After the battle of Gettysburg we were ordered back to Washington City—I will not say we were ordered back—but we went back because we could go wherever the exigencies of the service seemed to require at that time. There was no place in Virginia at that time where we could herd cattle. The army had followed up Lee and was encamped between Lee's army and Washington City, but the country in between was covered

with guerrillas, Mosby especially, and we had to have military escorts to carry the cattle through from the Maryland side of the Potomac to the rear of the army. Affairs remained in that condition until about December, 1863.

December, 1863, we were ordered to report to Gen. William Birney at Benedict, in southern Maryland. We remained at Benedict, Md., organizing, in plain English, negro troops, and took down with us three complete regiments of officers and not a single private, from brigadier-general down to the lowest commissioned officer. We organized three full regiments of colored troops down there, and in March, 1864, we were ordered to Baltimore, Md., to a place called "Camp Birney," near Druid Hill Park. I wish to state while at Benedict, Md., I was recognized as being more than a clerk; as having some sort of official position, and was not exactly disciplined, but I was summoned before General Birney on one occasion for having used a Government ambulance as a citizen. I produced my authority and showed him what I had, which was the first time I ever produced it. It was the original of that paper, exhibit 7. Thereupon I was discharged without censure upon the ground that I had a right under the circumstances to use the wagon. It was necessary for me to go to Washington City; it was a short overland trip and I used a Government ambulance. It was in that very cold spell of January weather, and the animals died as the result of the trip. Owing to the extreme rigor of January, 1864, they froze to death that night, not being properly cared for, and I came near freezing to death. When we got to Baltimore in March, 1864, we remained there as general commissary, at Camp Birney, until, my recollection is, some time about—I don't really remember what time it was, but so it was we were transferred to Wilmington, Del., under Col. S. M. Bowman, commanding the Eighty-ninth Pennsylvania Volunteers.

While at Baltimore, having let General Birney know what my position was, and then having disclosed it to Captain Bilyeu, there was no necessity any longer to mollify Captain Bilyeu; because the prospects of our military success were all that could be desired. I let them know what my status was, and thereupon thinking that my position then would perhaps be uncomfortable with Captain Bilyeu when he found out the status, I immediately made application for promotion, but I found that the old captain had got attached to me, and I am sure that I did everything that I could to win the old man's confidence. I did it, first, because it was to my interest; second, because it was my duty; third, because I had promised my superiors I would do so; and I will say further that I was treated with great kindness in return, and it is a great pain to my heart to have to say the things that I have been obliged to say with reference to Captain Bilyeu, for he treated me better than his son, and never gave me an unkind word that he did not afterwards cry over in his half-drunken moods; never gave me an unkind word that he did not cry about like a child, for he was big-hearted; for, while an old man, he was very babyish in a great many respects; a man without an education, absolutely unlettered, he felt that I was his only reliance, had unlimited confidence in me; told me almost every time he got drunk, which was at least every two or three weeks, that I could ruin him any time that I saw fit, and that he was risking everything on me, and when I got into this trouble down at Benedict with General Birney, who was very strict, Captain Bilyeu was very much pleased at my coming out, and that paved the way to open up the situation. So, after getting up to Wilmington, Del., on November 31, 1864, I wrote a letter to the Adjutant-General of the United States Army, of which this is a copy. (Filed, marked exhibit No. 8, and read.)

After affairs remained in that condition until the surrender of Lee was announced in April, 1865, and on the very same day, or a few days after, the papers contained a general order—I will not be positive whether it was a general order, but something in the nature of a general order or proclamation by Secretary Stanton to the effect that no more troops would be mustered in the service; that all recruiting stations should close up, and that no more soldiers should be forwarded to the front, and those in the parole camps and forwarding points should be mustered out and returned to their homes. This startled me when I thought of my pending application for promotion, and seemed to blast my prospects of either getting the commission or promotion. Colonel Bowman at that time was in Washington City; spent most of his time there. I wrote to him, and gave him a history of the case. I think he already knew it, however. I think I had given it to him before; also wrote to Judge Sherwood to bring his influence to bear upon Secretary Stanton, and to get Governor Fenton to do what he could.

Not long after that I learned from my uncle that Mr. Stanton had been very obdurate and offensive, but that he had borne with him. The Secretary did not want to be bothered by commissaries who had the peculiar status that I had, but Judge Sherwood was a lawyer, accustomed to take hold of things, and he and Colonel Bowman and Colonel Beckwith—what influence Governor Fenton brought to bear I can not now recall; I have tried to search in my memory, but have failed to remember anything that Governor Fenton did.

I continued to perform the duties of commissary without any superior at all until the 4th of August, 1865, when I turned over what was left to Lieut. Col. Joseph G. Crane, at Baltimore, Md., and filled in the date of that paper August 4th, and that ended my connection with the service.

I then went to Albany, N. Y., to the law school, and on the 5th of January, 1866, came here to the city of Knoxville. I had intended for years making this my home. The reason for that is not necessary to give. I came here and remained. When I got here I found that I needed some evidence that I had been connected with the Federal Army. While carrying that paper (Exhibit No. 15) in my valise with a bottle of lightning hot drops, I believe they call it, the movement in my valise caused the bottle to leak, and that paper, with a lot of others, was in it and some of the liquid got on the paper. I cleaned it off as well I could, but for several weeks, in fact for about five or six weeks, I have been carrying it in my pocket and dust collected there on it, and in trying the other day to make it look a little more respectable I tore it. Look at the signature and you will find there are no signs that there has been any tampering or anything of that sort. Providence seems to have favored me in that respect and kept the lightning hot drops from Colonel Bowman's signature.

In this connection I will state that I have corresponded with the officials in Pennsylvania to learn about Colonel Bowman. Of course I knew he was dead.

After coming here to Knoxville I found nobody that I knew, with the exception of two, and I had been accustomed for years to live among the army officers and knew all about them. I got here, found myself a complete stranger, and nobody knew anything about me, and when I began to state my connections with the service one of the first questions asked was, "What company or regiment did you belong to?" and I felt the necessity of having some fortification. So I wrote to the Adjutant-General of the Army, in one of the letters that was read last night, requesting him to return to me my application for promotion in the commissary department, and all the papers that accompanied it. To that letter I received this answer (filed and marked as Exhibit No. 17):

When I received that I was very much chagrined and shocked that my friends had not done their duty by me in forwarding and filing my papers, supposing that letter to be true. I therefore employed a claim agent at Washington City by the name of John H. McCutchen to investigate the matter for me. While I knew a great deal then about the Commissary Depart-

ment I didn't know much about the law of the War Department. I did not know much about prosecuting claims against the Government, but I knew that a great many officers seemed to have their business transacted at Washington through claim agents, and it occurred to me that perhaps through a claim agent—I did not know what "hocus-pocus" they exerted upon the Department to get things done—I didn't know but what through a claim agent I could obtain a commission by virtue of that memorandum of appointment that I had. Thereupon I wrote to this man McCutchen, giving him a full history of the case. He made some investigation, as I learned from him, and then wrote me a letter to the effect that he could find nothing of the letters in the War Department upon which to predicate my claim, and requested me to write a letter showing the state of facts as they appeared of record; not to put anything in the letter that did not appear on record. And thereupon I wrote that letter of July 12, 1865, Exhibit I, that was exhibited here last night, a photograph copy, and sent it to Mr. McCutchen, and I take it he delivered it to the Adjutant-General and undertook to accomplish something, but accomplished nothing, except to get a fee out of it.

I got in a hurly-burly of work here and these matters dropped out of my mind, and I never thought of it any more until Major Gratz spoke to me one day about joining the Grand Army post here, and I told him I would like to join. At that time I didn't know what the qualifications for membership were. I just took it for granted that any man who was connected with the Army was eligible, never dreamed of anything else, and I regarded myself as connected with the Army. I never questioned that myself, and I did not suppose anybody else questioned it. Major Gratz gave me an application to fill out, and I filled it out. I call special attention of the court to the fact that at that time the qualifications of membership were not printed on the application blanks. You see the adjutant in furnishing this copy scratched it out. [Showing the copy of the second application.] On the application now used, at the head of the application is an extract from Article IV, chapter 1, giving qualifications for membership; that was not on the first application that was given me, so I had nothing in the world to go by, and as I looked down I saw it was to be addressed to somebody. I addressed it to "Ed. Maynard Post."

I wanted to make application for membership in said post, Department Tennessee and Georgia, Grand Army of the Republic, and based my application on the following facts: [Reads from first application, Exhibit D.] I had no papers before me when I filled this up. You will find I wrote over the word "enlisted," the word "appointed," etc., March, 1863, and what I meant by personal staff of General Hooker is that I was appointed by his command. I want to say in this connection that I have no idea that any man who has had connection with a big army supposes that General Hooker ever knew about the order. Things are not done in that way. That paper [Exhibit No. 7] was simply gotten up after a conference with certain of the staff officers as a means to accomplish an end. I understood that. I don't suppose the court thinks I consider that document was anything more or less than a device to enable me to do something for the public welfare if the urgency required and the occasion demanded, but it was some sort of authority, and I am very free to say, as I learned later on, I never relied on it to amount to a great deal. It was a mere device and not composed of that sort of authority that I felt like relying on, and the real truth is in my correspondence with the Secretary of War I felt a delicacy in relying on that document because I understood its character.

I told Major Gratz that I was borne on the commissary pay roll, and stated to him further, as I state now to the court, in order to tell the whole truth about this transaction—it is very humiliating to do so—that I had a good berth; was getting \$90 a month and rations. I felt I could get a commission any time by disclosing facts and making application, but I had a good berth, and I had hold with one hand and could let go with the other, and all I wanted to do was to come out of the war fortified with a commission and I was content. I endeavored to shape things in such a way that I would come out that way; but as I have stated to you, I had waited too long. I had a fine berth; there was no question about that.

EXHIBIT No. 7.
[Special Order.]

HEADQUARTERS ARMY OF THE POTOMAC,
Camp Near Falmouth, Va., March 17, 1863.

1. Henry R. Gibson is hereby appointed a special aid-de-camp, with the rank of first lieutenant, and will be respected and obeyed accordingly.
2. He will report for duty forthwith to Capt. A. P. Bilyeu, C. S. Vols., at Aquia Creek, Va., in accordance with verbal instructions.

By command of Major-General Hooker.

A. B. WOODWARD,
Captains and A. A. G.

Lieutenant Gibson will take and subscribe to inclosed oath and forward the same to headquarters.

[Indorsement.]

HEADQUARTERS ARMY OF THE POTOMAC,
Falmouth, March 17, 1863.

Order of general commanding appointing Henry R. Gibson first lieutenant and aide-de-camp.
I reported to Capt. A. P. Bilyeu, C. S. Vols., March 17, 1863, as ordered, and returned the oath to headquarters.

HENRY R. GIBSON,
First Lieutenant and Aid-de-Camp.

EXHIBIT No. 15.
[Special Orders.]

MILITARY HEADQUARTERS, DISTRICT OF DELAWARE,
Wilmington, August 4, 1865.

In obedience to the order of the honorable Secretary of War, the following officers on duty in this district are this day honorably discharged from the service of the United States by reason of the termination of the war.

1. First Lieut. Henry R. Gibson, C. S. Vols., with the brevet rank of captain. He will turn over all United States property in his possession to Col. Joseph G. Crane, C. S. Vols., Baltimore, Md.

(Signed)

S. M. BOWMAN,
Col. Eighty-fourth Pennsylvania Volunteers, Commanding.

NOTE.—Gibson's two applications remained in the hands of his friends who slipped him into the post, and the eligibility clause printed at the top of one of them was no doubt scratched out as an afterthought to fit the theory of Gibson's defense. There could be no consistent motive for scratching this clause.

KNOXVILLE, TENN., June 9, 1894.

I hereby certify that the printed matter hereto attached is a copy of the testimony of Henry R. Gibson, given before a court of inquiry of the Grand

Army of the Republic, held at Knoxville, November 29 and 30, 1893. Said court was convened for the purpose of inquiring into the eligibility of said Gibson to membership in the Grand Army of the Republic. At that date, and until March 21, 1864, I was commander of the Department of Tennessee, Grand Army of the Republic, and the testimony of said Gibson hereto attached was printed from a copy made by the official stenographer of the court, then in my possession. The original of this testimony is with the record of said court of inquiry, at the headquarters of the Grand Army of the Republic, Lynn, Mass.

FRANK SEAMAN.

Mr. Chairman, I now submit the brief for the prosecution in the court of inquiry:

IN RE HENRY R. GIBSON.

May it please the court:

The Army regulations being a part of the law of the land, Gibson is presumed to know the requirements to make a soldier—enlistment and discharge. Such being the case he can not hide behind ignorance, and say, "he did not know what it took to make one eligible to membership in the Grand Army of the Republic." Neither can he plead the fact in palliation of his conduct, that the Ed. Maynard Post, No. 14, Grand Army of the Republic, knew the relation he sustained to the Army from March 23, 1863 to July 2, 1865.

The Ed. Maynard Post had before it Gibson's application for membership, in which he stated that on the 17th of March, 1863, he was made a lieutenant on General Hooker's staff, and that he was mustered out August 4, 1865, as brevet captain and C. S. Vols. This was all the post had to guide it, and was what the Grand Army of the Republic regulations required as the first step to gain admission to the post; and this step was taken by Gibson himself, for he tells you he filled out and signed his own applications. The first application was dated December 18, 1864, and the second February, 1865. The last of these applications had printed in plain letters at its top what was required to make a person eligible for membership in the Grand Army of the Republic, namely, service as a soldier, or enlistment as a soldier between April 12, 1861, and April 9, 1865, and an honorable discharge.

In December, 1864, and February, 1865, Mr. Gibson knew when he made these applications and stated that he had been from March 17, 1863, a lieutenant on General Hooker's staff, and was mustered out August 4, 1865, as a brevet captain and C. S. Vols., that he had never held either of these honorable positions in the United States Army, and that his claim to have done so was a fraud, and that he was perpetrating on Ed. Maynard Post, No. 14, Grand Army of the Republic, a wicked falsehood.

But I do not care to discuss as to how he got into Ed. Maynard Post, for the reason that that post is not on trial before this court. The Ed. Maynard Post, of course, knew what constituted eligibility for membership when Gibson was admitted, and we must assume that the post accepted as true the statements contained in Gibson's applications. We have no right to assume that the post admitted Gibson to membership believing at the same time that his applications contained false statements, and that he had no military record. There is no doubt that the post accepted Gibson's applications as truthful, and acted upon them in good faith. Even if this court had jurisdiction over the question as to how Gibson gained admission to the post, it has been admitted that his letter of July 12, 1866, to Secretary Stanton was never presented to the post, and which, in fact, was not discovered in the files of the War Department until 1889. It has never been claimed that the contents of this letter were revealed to the post at the time Gibson was admitted.

The question presented for your consideration is, was Henry R. Gibson, between April 12, 1861, and April 9, 1865, a soldier or sailor—the latter he does not claim to have been—and is he entitled to membership in the G. A. R. under the rules and regulations of the G. A. R.?

To ascertain this fact the evidence submitted to you and on file must be looked to, for that is a question of fact, and from the facts we must see whether he comes within the letter of the law. It is undisputed that Gibson has no commission or muster in his possession; and the records of the War Department do not show that he ever had a commission of any grade.

By his letter written to Secretary of War Stanton July 12, 1866, and which letter he admits he wrote, he says, speaking of making an application for a commission, "at the time of making the above application, for two years previously, and for nine months subsequently I was chief clerk to Capt. A. P. Bilyeu." In the same letter he says that this application was made on the 30th day of November, 1864. Two years previous to that date would be the 30th day of November, 1862, or about three months before March 17, 1863, the date on which Gibson alleges he was appointed on Hooker's staff. Nine months subsequent to November 30, 1864, would be August 30, 1865, or 26 days after August 4, 1865, the date of his alleged muster out. This would make him, according to his own language to the Secretary of War, written one year after the war had closed, and after he had migrated to Tennessee, chief clerk to Capt. A. P. Bilyeu, from November 30, 1865, to August 30, 1866, or two years and nine months, between which dates Gibson now claims he entered the Army as a lieutenant and was honorably discharged therefrom as a captain.

But let us see what he says in this letter about his enlistment. I quote from it, as follows: "And I would have enlisted had I not been persuaded by officer friends (some of whom indorsed my application) to continue as a commissary clerk, they promising to use their influence to obtain for me a commission of captain and C. S. Vols.—I respectfully request that I may be granted a commission as captain and C. S. Vols., dated November 30, 1864 (or earlier), and a muster out dated July 4, 1865. This is doubtless a unique and unheard of application, but I am living in a Southern city and feel keenly and sensitively the humiliation arising from my never having been regularly in the United States service during the war. That I did serve my country earnestly and well my own conscience and the voice of my superiors alike assure me, but alas! where is the proof that I ever served her at all? Any commission, even of a lower grade than captain and C. S. Vols., will be hailed as a boon. Praying, though little hoping, a favorable response, I am, sir, etc."

When Gibson wrote this letter on July 12, 1866, his recollection of his connection with the Army must have been better than it could be to-day, and he doubtless then had fewer motives for failing to tell the truth than he has now, and all the evidence in the record goes to show that he then stated the facts to Secretary Stanton as to his not having been a soldier—that is, that he had never been anything but a civilian employee or a commissary clerk.

This fact Gibson knew when he made and filled out his application to the Ed. Maynard Post, No. 14, to become a member of the G. A. R., and he also knew the further fact that when he said in the applications that he was a lieutenant on General Hooker's staff and was mustered out as brevet captain and C. S. Vols. that he was telling an untruth. If he entered the military service as a lieutenant on General Hooker's staff March 17, 1863, why did he not in his letter to Secretary Stanton of July 12, 1866, which he admits he wrote, mention the fact, instead that he served from November 30, 1865, to August 30, 1866, as a commissary clerk?

Again, if he was honorably discharged August 4, 1865, as brevet captain and commissary subsistence of volunteers, why did he not tell Secretary Stanton this fact, instead of saying that he would have enlisted had he not been persuaded by officer friends to continue as commissary clerk, because they promised to obtain for him a commission as captain and commissary subsistence of

volunteers? Gibson's alleged muster out, bearing the alleged signature of S. M. Bowman, shows that Bowman in getting Gibson out of the service made a captain and commissary of subsistence of him. Under what law did Colonel Bowman get the authority to make Henry R. Gibson a captain and commissary of subsistence, even though it should be admitted that alleged muster out is genuine? Colonel Bowman had no such authority. Gibson is frank enough to tell us in his deposition that General Hooker never knew of his appointment as a lieutenant on his staff, but that it was got up by some member of Hooker's staff for some mysterious special purpose. If General Hooker never knew of Gibson's being lieutenant of his staff it is fair to assume that there is a probability that Gibson secured his muster out as a captain and commissary subsistence of volunteers without the knowledge of Col. S. M. Bowman. These facts convict the defendant of the most outrageous fraud on the Grand Army of the Republic. Why did the defendant ask, July 12, 1866, to be mustered out July 4, 1865, if he already had a muster out dated August 4, 1865? The inquiry is easily answered if we will look at the date A. P. Bilyeu went out of the service, July 2, 1865, on which same date Gibson went out as a commissary clerk, as the receipts for his pay show, and the correctness of which he admits.

The reason that the lieutenantcy and the brevet captaincy were not mentioned in his letter of July 12, 1866, can be accounted for on two grounds: First, by the fact that he could not humbug Secretary Stanton, as the Secretary had at his command the records of the truth in the case, and at short notice could discover whether Gibson had been a lieutenant on Hooker's staff or whether he was a brevet captain and commissary subsistence of volunteers. If he had been either in the District of Columbia, Maryland, Delaware, Pennsylvania, or New York, or within the Federal lines of defense about Washington, there would in all human probability have been a record in the War Department either of Gibson's appointment as a lieutenant in 1863 or of his muster out as a captain two years later, in August, 1865. It is hardly possible that Gibson would have failed to have put these valuable documents on record in the War Department, since during the entire time he was connected with the Army he had daily unobstructed means of communication with the War Department.

Second, the "lieutenant and brevet captain" claim was never thought of until the defendant found that Secretary Stanton paid no attention to his letter, not even acknowledging its receipt. Then it was the "lieutenant and brevet captain" dodge was brought forth.

If the defendant was a lieutenant of General Hooker's staff and a brevet captain and C. S. Vols., why did he write this letter of July 12, 1866, to Secretary Stanton and beg and pray for a commission of any kind? Then, again, if he was entitled to or held these offices, why did he not exact the pay that accompanies each office? His pay as chief clerk in 1865 was \$90 per month, as the receipts show, and the vouchers of the Third Auditor's office also show that Gibson was always very prompt in drawing his salary.

Why did Gibson then apply for another muster out dated July 4, 1865, if the muster-out order of S. M. Bowman was genuine and regular, dated August 4, 1865, a month later, and propose to give the Government a receipt against all pay and claims of any kind?

Why did he call his letter of 1866 "a unique and unheard-of application," and admit that he had "never been regularly in the United States service during the war," and why did he exclaim in that letter, "but, alas, where is the proof that I ever served her at all?"

Again I ask, if he was a brevet captain and C. S. V., and mustered out as such, why did he not mention that fact, and why did he want another commission and muster out of the same kind? Two commissions and two muster outs or discharges would make him no greater in the eyes of his Southern people with whom he had concluded to live.

The defendant admits on the witness stand that he was nothing but a civilian employee during the war, and that he never had a regular commission or muster in, or muster out, or honorable discharge, and that he was never a soldier in the military service of the United States; also, that he told the truth in his letter to the Secretary of War July 12, 1866, and that the vouchers from the Third Auditor's office filed as evidence show the pay he received for service as a civilian employee from March 23, 1863, to July 3, 1865, there being twenty-seven vouchers in all. It is remarkably strange that all the letters and papers offered in evidence by Gibson are in his own handwriting, as admitted by him, except the alleged order of S. M. Bowman, of August 4, 1865, which he refused or objected to sending in its original form to the commander in chief, with the other papers of the case, when the prosecution applied to the court for an order on him to send up the original paper. The objection was made upon the technical ground that the prosecution did not apply to the court at the proper time. It is true that Gibson says that all these other papers are copies, but is it not strange that these copies are all in his own handwriting, and that the originals can not be produced, because a "near relative has them." Is this not a "unique" state of affairs and "unheard-of" way of making out a case?

This whole transaction from the time Gibson entered the Army, March 23, 1863, as clerk, down to the present time, can easily be accounted for by those who are acquainted with the defendant's vanities and ambitions. He parades himself before the public for years as a member of the staff of "Fighting Joe Hooker" in his desire to be the leader of the Union people of East Tennessee and to accomplish that end he is willing to sacrifice on the altar of his ambition his honor and integrity. He has resorted to every means, whether right or wrong, to gratify his insatiable appetite for posing before the people as a great military hero, regardless of the welfare of the sacred institution into which he has crept contrary to its laws, which must be followed strictly if the veterans of the Union Army expect to preserve their order.

I desire to call special attention to the fact that Gibson did not present a single official paper or memorandum of a record in the War Department showing that he had a military record. He presented but one original paper, and he admitted that it was dated three months after the officer who signed it, or is alleged to have signed it, had severed his connection with every branch of the military service. This alleged muster out bears the date of August 4, 1865, written in Gibson's own handwriting, which he attempts to explain by the absurd statement that Col. S. M. Bowman gave the muster out to him with the date blank before he (Bowman) left the military service, and that he (Gibson) inserted the date in August after Colonel Bowman had left the service.

Gibson bases his whole claim on this remarkable and unauthorized muster out, the only paper which he presented as an original one, and upon his own unsupported statements from the witness stand.

Special attention is called to the curious fact that so many papers which Gibson claims to have been original and genuine have disappeared; also to the facts that so many curious circumstances surround this case and that Gibson has made so many curious explanations and interposed so many curious technical objections to an investigation and the development of the truth; that he has no record in the Commissary-General's Office except as a civilian employee; that he has no record in the Adjutant-General's Office other than the original letters which he wrote Secretary Stanton in January, 1866, and July, 1866; that he has no record in the Record and Pension Division of the War Department, or any other branch of the War Department other than those mentioned above; that the records of the Third Auditor's Office show that he was simply a civilian employee, subject to be discharged at any time

by Captain Bilyeu, the chief of the commissary in which Gibson was employed and that he was always carried on the rolls as an employee and never served in any other capacity; that he could not have been commissioned as a captain and commissary of subsistence without first filing a bond with the Second Comptroller of the Treasury, which he never did; that Gibson in his brief makes no reference whatever to his letter of July 12, 1866.

(Signed) A. S. PROSSER, Attorney.
For V. F. GOSSETT, Prosecutor.

[Major Prosser is an ex-commander of the Ed. Maynard Post. He refused to allow Gibson to join the post while he (Prosser) was the commander.]

THE JUDGE-ADVOCATE-GENERAL'S DECISION.

Mr. Chairman, the order of the commander in chief expelling Mr. Gibson was presented in the beginning of my remarks. I now present the able and impartial decision of the judge-advocate-general, of St. Louis, on which the order of the commander in chief was based. This decision embraces a concise but clear statement of the whole case. It will be observed that Mr. Gibson obstructed an investigation at every step.

DECISION NO. 1.

The commander in chief may direct the commander of a department to appoint a court of inquiry to ascertain the eligibility of a comrade of that department, if post to which such comrade belongs declines or fails to investigate charges of ineligibility and the matter is properly brought to the attention of the commander in chief, notwithstanding the fact that the person whose military record is questioned does not demand the appointment of such a court.

He may, also, upon all the facts elicited by such a court of inquiry, after a full and fair hearing, at which the party whose eligibility was being inquired into was present and had every opportunity to be heard, make a finding of facts and act upon the same, in the absence of a finding by the court itself. One who served merely as a commissary clerk is not eligible to membership in the Grand Army of the Republic.

The commander in chief is authorized and in duty bound under section 1, Article VI, chapter 4, of our rules and regulations, which provide that he shall "enforce the rules and regulations of the Grand Army of the Republic, * * * and for this purpose may issue such orders as may be necessary, * * *" to direct that a person be dropped from the membership roll of a post when the clearly established facts unmistakably indicate that such person is not entitled to membership therein, and has obtained same by fraud and deception.

Case.

In the matter of the appeal of Henry R. Gibson, a member of Ed. Maynard Post, No. 14, Department of Tennessee.

OPINION—JANUARY 16, 1894.

From the record of this case it appears that on November 8, 1863, by Special Order No. 3, Commander in Chief John G. B. Adams directed Comrade Frank Seaman, commander of the Department of Tennessee, Grand Army of the Republic, to order a court of inquiry to convene at once in Knoxville, Tenn., to examine into the membership of Henry R. Gibson of Ed. Maynard Post, No. 14, Department of Tennessee, and to especially inquire into the said Gibson's eligibility to membership in the Grand Army of the Republic, and directed the papers and findings in the case to be forwarded to headquarters as soon as possible.

Pursuant to this order, the commander of the Department of Tennessee, by Special Order No. 8, on November 20, 1863, after setting forth the ground upon which the order of the commander in chief was issued, namely, upon information filed with the Department Commander by a comrade of the said post, that Henry R. Gibson, who had been mustered into the post as a comrade in April, 1865, on a claim of having served as lieutenant and aide-de-camp on the staff of Major-General Hooker, and as a captain and commissary of subsistence, had never served in the military service of the United States, as claimed by him, and denying or questioning his eligibility to membership in the Grand Army of the Republic; also upon the further information that said post had refused to investigate the said charge when presented to the post, duly appointed a court of inquiry consisting of seven comrades, and directed the proceedings and evidence to be forwarded to his headquarters.

By Special Order No. 9 of the Department of Tennessee, on November 24, two of the members of the court, having notified the department commander of their inability to attend as members, were released from serving on said court, and two other comrades appointed in their stead.

On November 29 the comrade who was designated as the president of the court, having signified his inability to be present, was relieved from serving on the court by the department commander in Special Order No. 10, and another member of the court designated to serve as president thereof.

The court convened as thus constituted at the appointed time and place and, pursuant to the authority given in the first order, selected one of its members recorder. Comrade Henry R. Gibson, whose record was under consideration, upon due notice from the department commander, appeared, as also the commander of Post No. 14; also the comrade who had lodged the information with department commander upon which the court of inquiry was convened. Comrade Gibson objected to one of the members of the court sitting thereon, because he had formed an adverse opinion; which objection was sustained by the court. The comrade who had lodged the information with the department commander as aforesaid objected to another member of the court, on the ground that he had expressed an opinion; to the consideration of which objection exception was taken by Comrade Gibson, and which exception the court sustained.

The comrade of Post No. 14 whose information led to the court of inquiry asked to be permitted to be represented by a past post commander of Post No. 14, which was allowed him, and objection to such action by Comrade Gibson was overruled.

Thereupon Comrade Gibson presented objection to the further procedure of the court, on the ground that he had not demanded the appointment of the court, and in another objection protested against the order convening the court, and noted an appeal from the issuing of such order to the next national encampment. The court overruled both objections.

Comrade Gibson then objected to the court as constituted, because it consisted of more than three members, which number, he contended, was fixed by the laws governing courts of inquiry in the United States Army. The court, after considering the last objection, decided to submit the question to the department commander, and requested that the court be reorganized in conformity with the articles of war governing courts of inquiry.

By Special Order No. 11 of the Department of Tennessee, issued upon unanimous request of the court of inquiry, the same was reorganized, two members being relieved from service, three members being retained, and a recorder duly appointed. There being no further objection to the organization of the court, the members and the recorder were sworn, in accordance with Army Regulations, and proceeded to the hearing of another objection to the appearance of a past commander of Post No. 14 as counsel for the in-

for want. The court sustained the objection, but announced the rule that the comrade had the right to tender any evidence to the recorder which he might want to offer.

Thereupon, without further objection, documentary evidence was offered by the informant tending to show that he had preferred charges against Comrade Gibson of Post No. 14, charging him with noneligibility to become a member of the Grand Army of the Republic, and with making fraudulent misrepresentations at the time he became a member. That the said post had tabled the said charges, having theretofore examined into the record of said Comrade Gibson, and resolved that his military record had been correctly given, and that no misrepresentations had been made by him, and that the post had refused to entertain his appeal from such action. Also evidence from the Adjutant-General's Office of the War Department tending to show that said Gibson had never served as a commissioned officer in any capacity at any time in the military service of the United States. Also that said Gibson had stated his service during the late rebellion as follows: "First enlisted March 17, 1863, as first lieutenant on staff of Gen. Joe Hooker, and discharged therefrom as captain C. S. V. on August 4, 1865, by reason of termination of the war." Also evidence of his election and muster in as member of Post No. 14, on April 17, 1885, on the application above referred to.

The informant then offered as evidence certified copies of vouchers in the Commissary Department of the United States covering a period of time beginning with March 23, 1863, and ending with July 2, 1865, and showing receipts of pay by said Henry R. Gibson, of the United States Government, for services as clerk in the commissary department during said entire time. Also letter of said Henry R. Gibson, dated at Knoxville, Tenn., January 13, 1866, directed to the Adjutant-General of the United States Army, at Washington, D. C., and requesting that his application for a commission as captain and C. S. Vols., forwarded by Governor R. E. Fenton some time during the first quarter of 1865, be returned to him with all the inclosures. Also copy of letter of said Henry R. Gibson, dated at Knoxville, Tenn., July 12, 1866, directed to Hon. E. M. Stanton, Secretary of War, War Department, Washington, D. C., in which said Gibson refers to the fact that he, on the 30th of November, 1864, applied for a commission as captain and C. S. Vols., and therein states that at the time of making said application, for two years previously and for nine months subsequently, he was chief clerk of a captain of the commissary department, and in that capacity had rendered efficient service; he also states therein that he would have enlisted had he not been persuaded by friends to continue as commissary clerk.

In that letter he requests, upon his statement of services as commissary clerk, that he be granted a "commission as captain and C. S. Vols., dated November 30, 1864, or earlier, and muster out dated July 4, 1865," and offers to sign the necessary papers to deprive himself of all compensation for said period, or that he would accept the commission on condition that he should receive no pay, rations, or compensation of any kind for himself or servant, said conditions, however, not to appear on the commission. He then proceeds by saying that a letter thus written "is doubtless a unique and unheard-of application," and suggests that living in a Southern city he keenly and sensitively feels the humiliation arising from his never having been regularly in the United States service during the war. He closes with the final statement that any commission, even of a lower grade than captain and C. S. Vols., would be hailed as a boon, for he longed to be able to say, "I stood up for the flag of my country when the rebellion arose in the land," and also that he longed to show the triumphant proof. There was also introduced in evidence a certified copy of a letter of Gov. R. E. Fenton, dated Albany, N. Y., December 14, 1864, in which he joined in the recommendations for the appointment of Henry R. Gibson, of the Subsistence Department, as assistant commissary, with the rank of captain, which letter was duly certified to be a true copy by the Assistant Adjutant-General of the War Department, who also certified that no other paper was on file with reference to said Gibson's application for appointment as captain and C. S. Vols. than said letter of Governor Fenton and the letter of said Gibson of July 12, 1866, already referred to.

The informant having rested his case, Henry R. Gibson then introduced the commander of Post No. 14 at the time the said Gibson was elected and mustered as a member of said post, who admitted that at the time of said Gibson's election he knew substantially all the facts brought out regarding the record of said Gibson before the court of inquiry; that the question of his eligibility was considered by the post; that he was aware of the contents of the letter of July 12, 1866, written by the said Gibson to the Secretary of War, and that in his anxiety to increase the membership of the post he deemed him eligible, and the post had deemed him eligible, and elected him a member.

Henry R. Gibson then offered himself as a witness in his own behalf, and after having been sworn, testified that he had received from Capt. A. B. Woodward, assistant adjutant-general of General Hooker, March 17, 1863, a special order of that date, in which he was appointed a special aid-de-camp with the rank of first lieutenant, and directed him to report for duty to Capt. A. P. Bilyeu, C. S. V., and that the said order, at the time he received it, was known to him to be a device to blind the eyes of Captain Bilyeu, and of no force whatever. He offered in evidence a copy of such fraudulent order, the same being without number.

He then presented in evidence a copy of a paper dated November 30, 1864, directed to Adjutant-General United States Army, and signed by said Henry R. Gibson as first lieutenant and aid-de-camp, purporting to be an application for promotion to a captaincy in the subsistence department of the volunteer service, and in which he refers to the alleged fact that he had been performing duty in the commissary department as first lieutenant and aid-de-camp since March 17, 1863. At the end of the letter three inclosures are referred to, to-wit: 1. Order of General Hooker appointing him lieutenant and aid-de-camp; 2. Letter of Brig. Gen. H. G. Thomas and indorsement of Colonel Crane; 3. Letter of Lieut. Col. S. C. Benham, C. S. Vols. Following the copy of the alleged application appears also, under date November 30, 1864, a copy of a recommendation purporting to be signed by A. P. Bilyeu, captain and C. S. Vols. And under the copy of the alleged recommendation of Capt. A. P. Bilyeu appears, as of date December 21, 1864, a copy of a recommendation purporting to be signed by S. M. Bowman, colonel Eighty-fourth Pennsylvania Volunteers, commanding district of Delaware, in which the colonel is made to say that he has been requested to favor this application, referring to the application of said Henry R. Gibson, and speaks of him as "Lieutenant Gibson," and says "that he is peculiarly qualified for the promotion he asks."

Said Gibson offered in evidence what purported to be a letter signed by Henry G. Thomas, brigadier-general volunteers, dated December 23, 1864, directed to Colonel Crane, then commissary of subsistence, middle department, and in which he is made to say that he knows First Lieut. Henry R. Gibson, and hopes he may receive the promotion he applies for. Attached to the copy last referred to is a copy of what purports to be an indorsement by Joseph G. Crane, lieutenant-colonel and C. S. Vols., dated Baltimore, January 1, 1865, and in which the recommendation of General Thomas is respectfully forwarded to the commissary-general of subsistence, United States Army. There is a reference in the alleged indorsement of Colonel Crane to the recommendations of General Thomas, Colonel Bowman, and Captain Bilyeu, and a statement that he believes Lieutenant Gibson's promotion is well deserved, and that Lieutenant Gibson has been in the commissary department since

September, 1862, (?) first as clerk, and since March, 1863, as first lieutenant by virtue of a staff appointment as aid-de-camp. Said Gibson also offered in evidence what purports to be a copy of a recommendation by S. C. Benham, lieutenant-colonel and commissary of subsistence, dated Little Rock, Ark., January 10, 1865, directed to Brig.-Gen. A. B. Eaton, commissary-general of subsistence, Washington, D. C., in which he takes great pleasure in recommending his friend Henry R. Gibson, first lieutenant and C. S. Vols., who has applied for a promotion to captain.

He also offered in evidence what purports to be a copy of a letter by said S. C. Benham, lieutenant-colonel and C. S., dated Little Rock, Ark., January 10, 1864, in which he states that he incloses a letter addressed to the commissary-general in his behalf. Said Gibson also offered in evidence what purports to be a copy of a letter of Lorenzo Sherwood, dated New York, November 20, 1864, directed to Henry R. Gibson, Wilmington, Del., in which said Sherwood acknowledges receipt of a letter of said Gibson of the 23d of November, 1864, and in which he says he intends to see Governor-elect Fenton in a few days, and that he knows of no one whose word would go further with Mr. Stanton than his, Fenton's. That he would endeavor to press said Fenton's recommendation, along with his own, into the service of said Gibson, hoping that said Gibson might obtain the desired appointment. No mention is made in said copy of a letter, of inclosures in the letter of said Gibson to which said Sherwood replies, nor of any application of said Gibson for promotion.

Said Gibson also offered in evidence a letter of R. E. Fenton to L. Sherwood, esq., New York, dated December 14, 1864, Albany, N. Y., in which Governor Fenton acknowledges the receipt of a letter of said Sherwood of the 6th of December, with inclosure; and says that he takes great pleasure in recommending "his nephew to the Secretary of War for appointment as assistant commissary, with the rank of captain." He also offered in evidence a letter of Lorenzo Sherwood, directed to Henry R. Gibson, C. S. Vols., dated New York, December 15, 1864, in which he says that he is in receipt of the letter last mentioned, and that Governor Fenton, he is certain, will give him, Gibson, a strong recommendation. He says therein that he sent to him, said Fenton, two letters of said Gibson, directed to Sherwood, that he might know where to address him. He also says that said Fenton might also write directly to the Secretary, because he, said Sherwood, had asked him to request Gibson's appointment as a personal favor.

He also offered in evidence the original letter of Colonel Bowman, dated Washington, April 23, directed to said Gibson, and in which said Bowman says that he had called on Secretary Stanton, and that he would call again in a few days, and that Colonel Beckwith had promised to go with him; and in which he says further that he thinks they will surely give him a promotion.

The next piece of evidence offered by said Gibson is a copy of what purports to be a special order issued by S. M. Bowman, colonel Eighty-fourth Pennsylvania Volunteers, commanding district of Delaware, dated Wilmington, August 4, 1865, the said special order having no number, in which First Lieut. Henry R. Gibson, C. S. Vols., with the brevet rank of captain, is honorably discharged from the service of the United States by reason of the termination of the war, "in obedience to the order of the honorable Secretary of War," and in which said Gibson is directed to turn over all United States property in his possession to Col. Joseph G. Crane, C. S. V., Baltimore, Md., there being no number or date mentioned in reference to the order of the Secretary of War. An affidavit was then offered by one Jesse Bowman Young, tending to prove the signature of said S. M. Bowman on the paper purporting to be a discharge.

Further evidence was offered by said Gibson, as follows: A letter from J. C. Kelton, Assistant Adjutant-General, War Department, dated Washington, January 19, 1866, in which said Kelton says, in reply to a letter of the said Gibson, of January 13, 1866, that the records of the Department did not show that any papers had ever been received such as were referred to by said Gibson as having been forwarded to the War Department. Also a letter from John P. Hawkins, Commissary-General of Subsistence, dated Washington, D. C., July 12, 1863, in which he says that said Gibson's letter to the Adjutant-General of July 8, 1863, in which an official statement was requested of said Gibson's service as clerk of A. P. Bilyeu, from March 17, 1863, to August 4, 1865, had been referred to his [Hawkins'] office. He stated further, in reply, that the only record evidence of service of the character mentioned by Gibson, now available, was to be found in the money accounts of the officer who employed him, and that the accounts are on file in the Third Auditor's Office, Treasury Department, Washington, D. C. Also a letter from Samuel Blackwell, Third Auditor, dated Washington, D. C. July 25, 1863, directed to said Henry R. Gibson, and in which letter the writer acknowledges receipt of a letter of July 22, 1863; and states in reply that it appears from an examination of the accounts of A. P. Bilyeu, C. and C. S. V., that said Gibson was employed as a clerk in his office from March 23, 1863, to July 2, 1865; that he was rated part of the time as assistant clerk, part as clerk, and the remainder of the period as chief clerk; and then states the stations at which Gibson was employed, and concludes with the statement that he was discharged from such employment on July 2, 1865.

In rebuttal the informant then offered in evidence the military record of S. M. Bowman, which discloses that said Bowman was honorably discharged from the service as colonel of Eighty-fourth Pennsylvania Volunteers to take effect May 15, 1865, on account of his services being no longer required, and that he was relieved from the command of the Department of Delaware March 23, 1865.

This was all the evidence, and thereupon both the informant and said Henry R. Gibson were permitted to sum up the testimony, all of which was transmitted to the department commander, with a full record of the case, but with no finding, because none such was directed to be made in the order appointing the court; and then the record of the court and exhibits were transmitted to the commander in chief.

I have purposely gone into the record of this case, referring to the appointment of the court more fully than was necessary in passing upon the merits of the case, inasmuch as nothing appears in the rules and regulations regarding the appointment of a court of inquiry by the commander in chief or a department commander, and that the power to appoint such a court is either dependent upon the authority exercised and precedent established by the national encampment, notably at Portland in 1896, and which power, therefore, by the written rules is also lodged in the national council of administration during the time that the national encampment is not in session, or must be assumed to have been conferred by implication in the requirement of the performance of certain duties by these officers.

The rule defining the duty of the commander in chief (chapter 4, Article VI, section 1) provides that he shall "enforce the rules and regulations of the Grand Army of the Republic, * * * and for this purpose he may issue such orders as may be necessary. * * *"

In the case in hand the commander in chief is made acquainted with the fact that the right to membership in our organization of a prominent member is publicly denied and his comrades bring the matter before the commander of the department, by whom the matter is laid before the commander in chief. The rules and regulations clearly define that only those who have actually served as soldiers and sailors during the war of the rebellion shall be members of our organization. The commander in chief is reliably informed that comrades have alleged that the post to which the said member

belongs has ignored its duty of thorough examination after the same was made acquainted with the fact that the correctness of the result of the original examination was being questioned. There was but one way for the commander in chief to obtain the necessary knowledge of the facts upon which properly to exercise his duty of enforcing the rules and regulations. To follow the precedent established by the national encampment seems to me to have been the only proper course to be pursued, and hence he issued the order directing the commander of the department to which the post belongs to convene a court of inquiry for the purpose of ascertaining and establishing the facts necessary to enable him to perform the duty devolved upon him by the rules and regulations.

While it is my opinion, therefore, that the commander in chief had the authority to direct the appointment of the court, it was also his privilege, if he saw fit, to determine the number of members of which the court should be composed, regardless of the requirements of the United States Army regulations. This court was finally composed of three comrades and a recorder, who was also a comrade, and to which organization thereof no objection was made by the comrade whose alleged membership in the Grand Army of the Republic was to be inquired into.

The objection made by Henry R. Gibson that such a court could not be appointed without being requested or demanded by himself, either directly or indirectly, is also without merit. The national encampment has directed such courts of inquiry where no demand appears of record, and hence the commander-in-chief was similarly authorized to require and direct the appointment of the court. In many instances the appointment of a court is required by the good of the organization only, and in such cases the examination may be directed to be made of a matter which the party interested is most anxious to prevent examination into. While the court in this case has not seen fit to comply with one of the principal objects of the appointment of the same, namely, to return a finding on the facts, as indicated by the order of the commander-in-chief, directing the department commander to convene the same, still since all the evidence has been preserved in the record and transmitted to the reviewing power, and such evidence furnishes the facts which clearly indicate his duty in the premises, it is my opinion that the commander in chief is justified in making a finding upon such evidence if the same be fully warranted by it.

The evidence in this case seems to be of a character which leaves no room for reasonable doubt as to the conclusion which should be drawn from the same. Henry R. Gibson, over his own signature, admits, after the war, that he was never enlisted as a soldier or appointed as an officer in the Army. He admits that he was merely employed as a clerk in the commissary department. This evidence, if there were none other, would fully and clearly establish under the rulings of our order heretofore that he was not eligible to membership therein. (See decision 5, L. W. opinion 53, W. W. D. opinion 99, W. C. all on page 50 of the Blue Book.) But in this case it is also perfectly clear that the person who obtained membership in our order undertook to obtain in an improper way from the Secretary of War fraudulent evidence of having been in the service of the United States Army as an officer during the war of the rebellion.

It also appears from his own admission that the paper exhibited in evidence as a copy of a part of a special order of Gen. Joe Hooker was obtained by Henry R. Gibson as a device, if obtained at all, and was never considered by him as an appointment to a position of first lieutenant in the United States Army, and was only used by him to deceive General Birney when he was caught in having used an ambulance of the United States Government after the death from exposure or ill use of the animals attached thereto. It being admitted that the alleged appointment as first lieutenant was fraudulent, and known to be such by the person holding or pretending to hold the same, it is equally clear that the pretended copy of an application to the Adjutant-General of the United States Army for promotion by the person holding such fraudulent appointment is equally untrue and unreliable. It must also again follow that the alleged recommendations for promotion, of which copies or what purport to be copies, are presented, inasmuch as they recommend one for promotion who never held the position of first lieutenant, are equally unreliable, either because obtained merely as devices for purposes of deception, or because they never were in existence and sprang as copies of copies from the brain and pen of one who never served the Government as a soldier during the war of the rebellion, but who longed to show "the triumphant proof" of such service after the war was over.

That the claim made by said Gibson that the original papers of his application for promotion and of said several recommendations of himself for promotion were transmitted to the Adjutant-General's Office and there lost is unfounded in fact, appears also conclusively from his own statement (pages 42, 43, and 53 of record) that his application and recommendations for promotion were sent to his kinsman, Lorenzo Sherwood, a copy of whose letter acknowledging receipt of said Gibson's letter is dated November 23, 1894, before the dates appearing on said alleged application for promotion and on said alleged recommendations, and which letter makes no reference to any application or recommendations for promotion. The letter of Governor Fenton, as well as the letters of L. Sherwood, contain no indication whatever that an application for promotion was to be made or pressed; but merely an application for an appointment as assistant commissary with the rank of captain. These letters appearing in evidence, therefore, tend clearly to show that the same spirit which actuated Henry R. Gibson in seeking fraudulent evidence for purposes of deception when he applied to Secretary Stanton for a commission indicating service in the United States Army when no service had been performed, must also have actuated him when procuring a fraudulent appointment as first lieutenant and aide-de-camp on General Hooker's staff, when securing the fraudulent recommendations or making copies of recommendations which were fraudulently obtained, when procuring a fraudulent discharge as first lieutenant and aide-de-camp with the brevet rank of captain, from Col. S. M. Bowman, commanding Department of Delaware, who was relieved from said command March 24, 1865, said discharge being dated August 4, 1865, over two months and a half after Colonel Bowman had himself been discharged from the United States service.

It is a fortunate fact for our organization that all the evidence of the service of our members in the Army or Navy is preserved in the different Departments of our Government at Washington. It is also fortunate for us that the evidence of payment for services rendered by noncombatants attached to the Army during the war of the rebellion is also within easy reach.

These reliable records as placed in evidence in this case prove: First, that Henry R. Gibson never served as a soldier or as an officer during the war of the rebellion; and second, that he drew pay as a clerk of the Commissary Department from March 28, 1863, to July 2, 1865, the time during which he claims to have held a commission as an officer on the staff of General Hooker.

The fact that Ed. Maynard Post, No. 14, Department of Tennessee, permitted itself to be duped by the bogus special orders and letters of recommendation presented by Henry R. Gibson does not militate against the finding of facts which should be made upon this evidence.

It is my opinion, therefore—

1. That the appointment of the court of inquiry to ascertain the eligibility of Henry R. Gibson to membership in the Grand Army of the Republic was lawful and a proper exercise of power by the department commander under the direction of the commander in chief.

2. That the court of inquiry having ascertained and reported all facts bear-

ing upon the matter under inquiry, after a full and fair hearing, in which the party whose eligibility was being inquired into had every opportunity to be heard, the commander in chief is authorized to make a finding of facts and act upon such finding without obtaining a finding from the court.

3. That the only finding warranted by the evidence as preserved in the record in this case is that said Henry R. Gibson served merely as commissary clerk during the war of the rebellion, and not as an officer or soldier, and that the appointment and discharge which the said Gibson pretends to hold are spurious and fictitious and entitled to no credit or weight whatever.

4. That the commander in chief, providing he concurs in the foregoing finding of facts on the evidence, is justified and in duty bound, in the exercise of the power intrusted to him, to order that Henry R. Gibson be dropped from the membership roll of Ed. Maynard Post, No. 14, Department of Tennessee, because ineligible to membership under the rules and regulations.

LEO RASSEUR,
Judge-Advocate-General.

THE THIRD WHITEWASH.

Mr. Chairman, the officers of the Ed. Maynard Post, who wormed Mr. Gibson into that post, crowned their infamous action by applying a third coat of whitewash at the time they dropped their idol from the rolls in obedience to an order from the commander-in-chief. Through these officers and tools, Mr. Gibson actually dictated the resolution dropping him, and had it spread upon the permanent records of the post!

He, a confessed and convicted fraud and imposter, made these tools place on the records of the post a lie on its face, in the shape of a resolution insulting, in the highest degree, to the commander in chief and the judge-advocate-general and all who were genuine soldiers and are real comrades.

What comradeship!

[Knoxville Republican.]

THE LATEST TRICK OF GIBSON'S TOOLS.

The Ed. Maynard Post has a membership of about 200, and many of them are high-minded, honorable gentlemen. They are professional and business men of standing, influence, and respectability. They are such men as Messrs. Chamberlain, Kile, Ogden, Prosser, West, Kearney, Holloway, Aiken, Woodruff, White, and others. Such men have long since washed their hands of that military fraud and bogus aide-de-camp, Henry R. Gibson. They are too far above prejudice, too careful of their good names, too proud of their characters for truth to vote for resolutions whitewashing Gibson after the War Department had certified that the very papers upon which Gibson originally obtained membership in the Ed. Maynard Post were fraudulent—forgeries. However, at last Tuesday night's meeting of the Ed. Maynard Post, out of a membership of 200, only sixteen or eighteen were present, and without warning or notice of their intention a majority of the sixteen present passed the following resolutions:

HALL OF ED. MAYNARD POST, No. 14, G. A. R.,
Knoxville, Tenn., February 20, 1894.

"Whereas, by a recent order of the commander in chief, the name of Henry R. Gibson has been dropped from the roll of Ed. Maynard Post of the Grand Army of the Republic; and

"Whereas, as soldiers we learned obedience to the commands of our superiors as our first and chief duty: Therefore be it

"Resolved, That we yield our prompt deference to the judgment and loyal obedience to the mandate of the highest officer of our order.

"Resolved, That in parting with our late comrade, Henry R. Gibson, we take the occasion to express our unbounded confidence in him as a man and late comrade, and we hereby reiterate a former declaration of August 15, 1893, that the army record of Henry R. Gibson was fully examined and that Henry R. Gibson made no misrepresentation whatever, but obtained his membership in this post honorably and after a due examination of his army record by a committee of this post to whom his application was referred."

Upon motion of Comrade Harris this preamble and resolution was adopted and ordered spread upon the minutes.

By order of the post.

Now, in order that the people who reside outside of Knoxville may understand the situation, we will state that the men who engineered these snap resolutions and voted for their passage numbered less than ten, principally old-time Hook hatters, and some of them never cast a vote for either Judge or JOHN HOOK, and would gladly pass a resolution that Jeff Davis was right and Lincoln wrong, if Gibson could convince them it would strengthen him and defeat HOOK.

We submit this question to the ten men, even those in Gibson's pay and employment that voted for the above whitewash resolutions, and we ask them to look the honest old soldier in the eye when they answer it, and also keep the fear of God before them. "How did Henry R. Gibson obtain his membership in the Ed. Maynard Post honorably?" when the papers he presented were fraudulent according to the testimony of the officials of the War Department and his so-called appointment on Hooker's staff in Gibson's handwriting bore the name of a person who was never in the Army? Did Gibson tell the Ed. Maynard Post his papers were fraudulent, and that the man who signed his commission as a lieutenant was never in the Army? If he did not give the post this information, then he did deceive the post and did not honorably obtain membership.

The truth is the Hook hatters in the post and certain men in the pay of Gibson have turned it into a Gibson club, and as the G. A. R. laws require that every post must bear the name of a dead man, there is no reason why the name of Henry R. Gibson should not be substituted for that of the gallant Ed. Maynard.

The ten men in the Ed. Maynard Post may pass resolutions every day in the year, but they will never succeed in hiding Gibson's crime or in fooling the people into believing he was a soldier and did not deceive the post when he claimed he was a lieutenant and captain.

Here is something that ought to end this matter for all the time, take it out of the Grand Army of the Republic and satisfy even the ten Gibson men that put through the above resolutions, and if they are dealing with the old soldiers in good faith, they will accept it. It is this: John Hook, in his speeches daily, says if Hon. Peres Dickinson, Judge O. P. Temple, and Capt. Wm. Rule will examine Gibson's papers, all the proof, and after an examination of the same they state Gibson's papers are not fraudulent and he acted honorably in obtaining membership in the Ed. Maynard Post, he (Hook) will withdraw from the race. Now, gentlemen, stop your snap meetings, give us a rest on whitewashing resolutions, and get down to open, manly business by having your "late comrade" (heaven save the mark) accept John Hook's challenge, and put an end to your shameful proceedings in constantly using a sacred and patriotic organization as a political club to boom a man that used forged and fraudulent papers to obtain membership in your post, out of which he was diabolically kicked.

AN ANALYSIS.

Mr. Chairman, the following analysis of the military claims of Henry R. Gibson and his testimony as to the same before the court

of inquiry of the Grand Army of the Republic, printed several weeks ago in the Republican Leader, of Knoxville, Tenn., is rich and instructing reading:

FOR TRUE SOLDIERLY.—"OUT OF HIS OWN MOUTH IS HE CONDEMNED."

Henry R. Gibson made application to join Ed Maynard Post, Knoxville, on the 18th of December, 1884.

For some reason, which is not necessary to relate, even if correctly known, this application was not acted upon by the post. It is said that objection was made because no papers accompanied it giving his army record. Be that as it may, however, in February, 1885, Gibson filed another application. It will be seen that this application was acted on, though action was evidently delayed, as he was not mustered into the post until April 17, two months after he made application. The members of the post say the delay was because he had "misled" his papers. The truth is, that while there was objection to admitting him, he finally "went through" on his own statement, reliance being placed on his honesty and integrity—it being deemed that so pronounced a Christian gentleman would not tell a lie about so small a thing as his army service.

So, Henry R. Gibson became a member of the Grand Army. He wore the badge of this honored society, was addressed by the title of comrade, and some, at least, believed him fully entitled to the right to wear the badge of the organization. He was placed in official position; became the senior vice-commander of the Department of Tennessee and Georgia—the highest position but one in the Department. And yet, there were those who took no stock in his army record. It was an "open secret" that Henry R. Gibson was believed to be sailing under false colors; that his pretended military record was bogus, or, as has been developed, "spurious and fictitious." In the winter of 1886 the commander of the department died. Henry R. Gibson was next in rank, and the opportunity was offered him to become commander of the department. Did he grasp it? No! Think of Gibson throwing over his shoulder such an honor, that was like the ripe apple, ready to drop to him simply for the asking. He declined it, although he need only serve two months to have retired with the full honors. Why did he decline and "fling away ambition?" He was afraid that bogus record would rise up and confront him!

Though the opinion was entertained by many that Gibson was a fraud as a soldier, no one attempted to thoroughly investigate his record, and he kept in the front at every opportunity, allowing no occasion to pass to pose before a public audience (whether invited or not) and talk about his army experiences, and salute genuine soldiers as "comrades," until he himself came to believe he was really a soldier.

Information came to the late Judge Houk that Gibson was never in the military service, as he claimed to be. Previous to his death, he had found enough to convince any fair-minded man that Gibson was an imposter. After his death, Hon. JOHN C. HOUK continued the investigation, and gave the result to the public. By this means, the matter was forced to the attention of the Grand Army of the Republic. Ed Maynard Post, of which Gibson was a member, instead of properly investigating his eligibility to membership, as the rules and regulations of the order require, at one of its meetings listened to a harangue made by Gibson, and accepted as genuine papers which he read to establish claim to military service and membership, and which papers no member examined at said meeting, and then passed by a majority vote (one-fourth present not voting) a resolution stating that:

"The army record of Comrade Henry R. Gibson has been examined and found correct; and that he made no misrepresentation whatever, but obtained his membership in this post honorably."

Who examined his record? Not a single member of the post at that meeting. He "made no misrepresentation whatever," but obtained his membership in this post honorably." Read the statements Henry R. Gibson made in his applications printed above. Read what he on honor (!) represented himself to be, and read what follows in this article, and then ask yourself if Gibson "made no misrepresentation whatever."

At a subsequent meeting of the post, charges were preferred against Gibson to the effect that he was never in the military service of the United States, and questioning his right to membership in the Grand Army. Those present, deeming their political allegiance to Gibson paramount to their allegiance to the Grand Army, tabled these charges, establishing the unique precedent that a question involving the character of a member of a society, and his right to a membership therein, was not of sufficient importance to investigate.

Thereupon the member of the post preferring these charges laid the matter before the commander of the department. That officer, as was his sworn duty, proceeded to investigate the charges. He made inquiry of the War Department to know if Gibson had served, as he claimed, either as lieutenant and aid on Hooker's staff or as a captain and commissary of subsistence, United States Volunteers. To this inquiry the Adjutant-General of the United States Army wrote:

"The records of this office, which have been thoroughly examined, afford no evidence that Mr. Gibson served as a commissioned officer in any capacity at any time in the military service of the United States."

(Signed)

"R. WILLIAMS,
Adjutant-General."

This communication was sufficient evidence that Gibson was never a soldier, as he claimed, and the department commander would have been justified in ordering his name dropped from the roll of the post, as having been illegally mustered. But, in order to prevent the possibility of the charge being made of local feeling or prejudice in dealing with the question, the department commander referred the case to his superior, the highest official of the Grand Army, the commander in chief. The commander in chief advised a department court of inquiry to thoroughly investigate the matter, and ordered such court to be convened "to examine into the membership of Henry R. Gibson, of Ed Maynard Post, No. 14, Department of Tennessee, and to especially inquire into the said Gibson's eligibility to membership in the Grand Army of the Republic."

This order was obeyed, and the court held its session in Knoxville. Of the three members of the court, only one was a resident of this Congressional district. Gibson was a witness before the court, and his evidence was, at his request, taken by a stenographer. In that evidence he submitted to the court, among other papers, his "appointment" on the staff of General Hooker, it being filed as Exhibit No. 7, and so known in the court record. The following is a copy:

EXHIBIT No. 7.
[Special Order.]

HEADQUARTERS ARMY OF THE POTOMAC,
Camp Near Falmouth, March 17, 1863.

- (1) Henry R. Gibson is hereby appointed a special aid-de-camp, with the rank of first lieutenant, and will be respected and obeyed accordingly.
- (2) He will report for duty forthwith to Capt. A. P. Bilyeu, commissary of subsistence, volunteers, at Aquia Creek, Virginia, in accordance with verbal instructions.

By command of Major-General Hooker:
(Signed)

A. B. WOODWARD,
Captain and Acting Assistant Adjutant-General.

Lieutenant Gibson will take and subscribe to inclosed oath and forward the same to headquarters.

[Indorsement on back.]

HEADQUARTERS ARMY OF THE POTOMAC,
Falmouth, Va., March 17, 1863.

Order of general commanding appointing Henry R. Gibson first lieutenant and aid-de-camp.

I reported to Capt. A. P. Bilyeu, commissary of subsistence, volunteers, March 17, 1863, as ordered, and took and returned the oath to headquarters.

(Signed)

HENRY R. GIBSON,
First Lieutenant and Aid-de-Camp.

There are some peculiarities about this paper. General Hooker (just think of Jo Hooker doing this!) assumed the prerogative of the President and appointed a man an officer in the Army, and not only that, but created an office hitherto unknown, "special" aid-de-camp! This was one of the papers Gibson used to throw dust into the eyes of some of the members of Ed Maynard Post. This was his "commission." In his testimony before the court of inquiry, Gibson let the cat out of the bag, and characterized this appointment as a spurious paper—virtually acknowledging it to be a forgery. He said on his oath—

"I had no papers before me when I filled this up. [Referring to his first application for membership.] You will find I wrote over the word 'enlisted' the word 'appointed,' etc., March, 1863, and what I meant by personal staff of General Hooker is that I was appointed by his command. I want to say in this connection that I have no idea that any man who has had connection with a big army supposes that General Hooker ever knew about the order. Things are not done in that way. That paper was simply gotten up after a conference with certain of the staff officers as a means to accomplish an end. I understand that. I don't suppose the court thinks I consider that document was anything more or less than a device to enable me to do something for the public welfare, if the urgency required and the occasion demanded, but it was some sort of authority, and I am very free to say, as I learned later on, I never relied on it to amount to a great deal. It was a mere device and not composed of that sort of authority that I felt like relying on, and the real truth is, in my correspondence with the Secretary of War, I felt a delicacy in relying on that document, because I understood its character."

So much for how Gibson got "into the Army." "A device"—"spurious"—"fictitious." First get your hog into the pen before you get him out. We see how Gibson got himself into the military service. It was as easy as anything "Jim the penman," ever did. Now, we will see how he got out. Filed with the court papers, as part of his testimony, was his so-called "discharge," marked and known as Exhibit No. 15, in these words:

[Special orders.]

MILITARY HEADQUARTERS, DISTRICT OF DELAWARE,
Wilmington, August 4, 1865.

In obedience to the order of the honorable Secretary of War, the following officers on duty in this district are this day honorably discharged from the service of the United States by reason of the termination of war.

- (1) First Lieut. Henry R. Gibson, commissary of subsistence, volunteers, with the brevet rank of captain. He will turn over all United States property in his possession to Col. Joseph G. Crane, United States Volunteers, Baltimore.

(Signed)

S. M. BOWMAN,
Colonel Eighty-fourth Pa. Vols., Comdg.

Another peculiar military paper, one that gives a lieutenant the rank of commissary of subsistence, volunteers, while United States Army regulations do not recognize the rank below that of captain. It will also be noted that the commanding officer of the department signed his own order (and forgot to number it). His adjutant had probably gone out to see a man!

"Captain" Gibson, in his testimony, referred to this paper in these touching words:

"While carrying that paper (Exhibit No. 15) in my valise with a bottle of lightning hot drops, I believe they call it, the movement in my valise caused the bottle to leak, and that paper, with a lot of others, was in it, and some of the liquid got on the paper. I cleaned it off as well as I could, but for several weeks, in fact for about five or six weeks, I have been carrying it in my pocket, and dust collected there on it, and in trying the other day to make it look a little more respectable I tore it. Look at the signature and you will find there are no signs that there has been any tampering or anything of that sort. Providence seems to have favored me in that respect and kept the lightning hot drops from Colonel Bowman's signature."

We will venture the assertion that Col. S. M. Bowman never tampered with the signature. Observe the date of the "discharge"—August 4, 1865—and see further on what the War Department has to say about the date.

The evidence obtained by the court of inquiry was forwarded to the commander in chief of the Grand Army, as he directed, upon the adjournment of the court. On the 20th of January, 1894, the commander in chief issued Special Order, No. 5.

On the evening of February 6, 1894, the order, No. 5, was read in Ed Maynard Post, and the name of Henry R. Gibson ordered dropped from the roll of membership, where it should never have been placed, and where it never would have been placed had the officers of the post done their duty when his application was presented.

AN OFFICIAL OPINION FROM THE WAR DEPARTMENT.

In order to satisfy some members of the Grand Army, who were so thoroughly amazed at the audacity of Gibson as to believe him, when he said to the public that injustice had been done him, and that the official action of the commander in chief was done at the instigation of Senator Harris ("Boogy man"), copies of Gibson's "papers" were submitted to the War Department and an official opinion asked on them. Following is the statement of the record officer of the War Department:

RECORD AND PENSION OFFICE, WAR DEPARTMENT,
Washington City, January 6, 1894.

SIR: I have the honor to advise you that a careful investigation of the records of this Department has been made in connection with certain papers recently left by you at this office. These papers appear to be copies of what purport to be special orders relating to one Henry R. Gibson. One of these "orders," dated Headquarters of the Army of the Potomac, March 17, 1863, and signed A. B. Woodward, captain and acting assistant adjutant-general, relates to the appointment of the said Gibson as a "special aid-de-camp," and the other, dated Military Headquarters for the District of Delaware, Wilmington, August 4, 1865, and signed S. M. Bowman, colonel of the Eighty-fourth Pennsylvania Volunteers, commanding, purports to discharge "First Lieut. Henry R. Gibson, commissary of subsistence, volunteers, with the brevet rank of captain," from the service.

BOTH OF THESE PAPERS ARE FRAUDULENT.

The special-order book of the Army of the Potomac, which is complete for the period in question, does not show that any such order as that was submitted by you, dated March 17, 1863, was issued by General Hooker. On the contrary, the special order which was issued by General Hooker on March 17, 1863, contains this

teen paragraphs, no one of which relates to Gibson in any way. This order and all other special orders of General Hooker for the month of March, 1863, are signed by S. Williams, assistant adjutant-general. It does not appear from the records of this Department that any such person as "A. B. Woodward, captain and acting assistant adjutant-general," was on duty at the headquarters of the Army of the Potomac at this time, nor does it appear that any officer of this name was in the military service of the United States, either in the regular or volunteer army, at any time during the late war. Furthermore, General Hooker had no authority to make such an appointment as that in question, and if he had made it it would have been void *ab initio* and would have conferred upon the appointee no right whatever to be recognized as being in the military service of the United States. Since Gibson was not in the military service he could not be discharged therefrom, and consequently the order dated August 4, 1865, purporting to discharge him, would be valueless as evidence of service, even if it were genuine.

BUT IT IS PLAINLY FRAUDULENT.

Col. S. M. Bowman, Eighty-fourth Pennsylvania Volunteers, was relieved from the command of the District of Delaware on March 20, 1865, and consequently could not have issued any orders in that district subsequent to that date. In addition it does not appear that he had authority at any time to issue an order such as that in question.

The official record, as well as Mr. Gibson's own statement, made to the Department in writing in 1890, show conclusively that he was a civilian employee of the commissary department from March, 1863, to July, 1865, and had no military status whatever.

Very respectfully,

F. C. AINSWORTH,

Colonel, U. S. Army, Chief Record and Pension Office.

Is further evidence needed to show to the soldiers of this district that this man Gibson has been humbugging them ever since he came among them? What think you of this impostor—this "spurious," "fictitious," "fraudulent," make-believe one of you? How many times has he looked into your faces and called you "my comrades," and thereby insulted your valor, your heroism, your loyalty. This pretender, who, when you were baring your breasts in the shock of battle, was enjoying a soft snap behind cracker boxes at wages just seven times as much as yours—you getting \$13 a month and he \$90! And yet he wants you to vote to send him to Congress to look after your interests—to see about your pensions! Is there a soldier with a record in this entire district who will so stultify himself and smirch the memory of his dead comrades as to defend the pretensions of this proven fraud to be allowed to sit in Congress with Dan Sickles, Grosvenor, Cogswell, Cummings, Black, and dozens of other ex-Union soldiers, as one of them! Think for a moment of the odium that would be cast on you did this pretender occupy a seat—which heaven forbid—in Congress, and when he gets up to speak be twitted by the rebel brigadiers as a "spurious," "fictitious" soldier; "that little fellow the War Department pronounced a fraud." The best way to prevent this is to cast your ballot for him to stay at home, and allow him to do his posing at the old stand on Custom-House Square.

One more word. Gibson and his paid "attorney," and blowers and strikers, are at the old game of dust-throwing, thereby hoping to close the eyes of members of the Grand Army who have not yet fathomed the depths of Gibson's audacious assertions, telling them and the public that he will appeal to the national encampment, which meets in September, and that the encampment will reverse the decision of the commander in chief, and that he will be reinstated in the organization. There are two things as certain as death and taxes—one is, Gibson will never appeal to the national encampment—he dare not; the other is, Henry R. Gibson will never be reinstated on the rolls of the Grand Army. He stands a better chance of being the next nominee for President of the United States. The Grand Army is an organization of soldiers, not of commissary clerks, cooks, and teamsters.

Gibson says "the court of inquiry, sworn judges, sworn witnesses, sworn prosecuting attorney, unanimously decided that I (he) was eligible to membership in the Grand Army." When Gibson made the above statement in his Walnut Grove speech he knew he was not telling the truth, but was deliberately misrepresenting and falsifying. He knew the court of inquiry rendered no decision in his case—knew that all the court did was to certify the proceedings, and directed them forwarded. He knew the court was acting simply as an investigating committee, collecting the evidence upon which the commander in chief could render a decision.

THE TRUTH OF THE MATTER.

In order that the readers of the Leader may see that Gibson deliberately lied, and that they may know just what the court did do, below is printed a part of the proceedings, as certified to the commander in chief:

The court of inquiry, after hearing testimony, adjourned from November 30 to December 7, in order to give the stenographers time to write out the testimony, and the recorder to complete the record.

HEADQUARTERS GRAND ARMY OF THE REPUBLIC,
Knoxville, Tenn., Thursday, December 7, 1893.

Court met pursuant to adjournment. Present: Thomas H. Reeves, president, W. T. Mitchell and L. Harvey, members, and William J. Ramage, recorder. Also, Henry R. Gibson and Attorney W. A. Gage and V. F. Gossett and Attorney A. S. Prosser.

The records of the previous meetings were read, corrected, and approved by the court.

Adjourned until 2 o'clock p. m.

Court met at 2 o'clock p. m. Present: Thomas H. Reeves, president, W. T. Mitchell and L. Harvey, members, and William J. Ramage, recorder. Also, Henry R. Gibson and Attorney W. A. Gage and V. F. Gossett and Attorney A. S. Prosser.

There being no further evidence the parties to the case were allowed to read and file their arguments.

Arguments by V. F. Gossett read by his attorney, A. S. Prosser, and herewith filed as Exhibit No. 21.

Argument for Henry R. Gibson read by himself and herewith filed as Exhibit No. 22.

Comrade W. A. Gage, attorney for Comrade Gibson, objected to the personal attacks on his client contained in the argument of Comrade Prosser and asked that the objection be so noted.

Comrade A. S. Prosser, attorney for Comrade Gossett asked that the original of Exhibit No. 15 be placed with the exhibits and go up with the records to the reviewing authority.

The court, after maturely deliberating, is of opinion that this request not having been made when the copy of the original was accepted and filed as evidence, comes too late after the case has been closed and argument heard.

The court having been cleared and maturely considered the matters submitted and referred to in the record finds—

First. That the exhibits filed as copies of the originals were examined by the court in the presence of all the parties and are true copies.

Second. We find no precedent or rules to govern us in the rules and regulations of the Grand Army of the Republic, and have therefore confined [ourselves] as near as possible to the rules and regulations governing the United States Army.

Third. Article of war No. 119 says: "A court of inquiry shall not give an opinion on the merits of the case inquired of unless specially ordered to do so."

The court therefore certifies the proceedings without an opinion on the merits of the case, and directs the recorder to forward the same to the department commander for transmittal to the national headquarters for the action of the commander in chief.

Thereupon the court adjourned sine die.

(Signed)

WM. J. RAMAGE, Recorder.

T. H. REEVES, President.

HEADQUARTERS OF THE GRAND ARMY OF THE REPUBLIC,
Lynn, Mass., May 10, 1894.

I certify that the foregoing is a true transcript of pages 56, 57 and 58 of the records of the court of inquiry held at Knoxville, Tenn., between November 20, 1893, and December 7, 1893, to inquire into the eligibility to membership in the Grand Army of the Republic of Henry R. Gibson.

JAS. F. MEECH,
Adjutant-General.

MR. GIBSON'S SECOND NOTORIOUS PUBLIC LETTER.

Mr. Chairman, expelled from the Grand Army of the Republic, Mr. Gibson promised faithfully, just before the primary election, to appeal his case to the national encampment, but he failed to do so, and now laughs at the credulity of the people and smiles over his successful tricks of deception.

He cries out falsely that his war record was found correct by the post by a vote of 53 to 1. Even if this were true, would it vindicate him if the evidence shows him guilty?

By his process of reasoning he will now doubtless claim that his commission and discharge or military record are more perfect or correct because he got 1,972 majority out of 30,458 votes for Congress, although the proof still shows him to be a fraud. It makes no difference what the proof against him is, he claims to be not guilty if he can figure out one or more majority, honestly or dishonestly, on the face of the returns.

To the ex-Federal Soldiers and People of the Second Congressional District:

The national commander of the Grand Army of the Republic having decided that I am not eligible to membership in the Grand Army, and that my appointment and discharge were spurious and fictitious and entitled to no faith or credit whatever, I wish to lay the main facts of the case before you and ask at your hands that justice which has been denied me by the national commander. And to show you that I am entitled to a fair and patient hearing by you, I call your attention to the fact that this whole question was fully and fairly submitted to a grand jury of 54 east Tennessee men, my neighbors and companions, and members of my post, and that 53 out of these 54 men decided that my "army record" is all right, and that I had made no misrepresentation whatever, but had obtained membership honorably. And I wish further to state that so far as I know all of these 53 men are to-day of the same opinion as they were last August when they rendered their grand verdict in my favor.

The one man out of the 54 who voted against me was Vol. F. Gossett, and he took an appeal to the department commander, Seaman, and through him to National Commander Adams, who has, in effect, set aside the verdict of the 53 east Tennessee soldiers, and rendered the harsh judgment against me already stated.

From this decision of Commander Adams I shall appeal to the national encampment that meets next September; but in the meantime I wish to appeal from that decision to you, my old friends, comrades, and acquaintances, among whom I have lived so long, and who have honored me so much; and I call upon you all to say whether the 53 east Tennessee soldiers decided rightly or whether Commander Adams decided rightly.

The facts of my connection with the Army are, in brief, these:

In March, 1863, I received an appointment as special aid-de-camp, with the rank of first lieutenant, on General Hooker's staff, Army of the Potomac, and was directed to report to Capt. A. P. Bilyeu, of the commissary department, for duty, in accordance with verbal instructions. Captain Bilyeu was a very influential man with the people of Philadelphia, Pa., but too illiterate to attend to the various duties imposed by his position in the Army. But he was honest, and when sober capable of doing good service outside of office work. Because of his popularity with the people, it became important to retain him in the service, and I agreed to serve under him in the capacity of clerk, and to attend to all the office work. He was then in charge of the fresh-beef department of the Army, and had a force of over 50 herders under him, all mounted and equipped as cavalymen, except weapons.

I accordingly entered at once upon the discharge of my duties, and was borne on Captain Bilyeu's pay roll as his clerk, and was paid by the United States Government until July, 1865, when Captain Bilyeu resigned.

In November, 1864, I applied to the War Department for a promotion to the rank of captain and commissary of subsistence in the volunteer service. Along with this application I sent my original appointment as first lieutenant, and written recommendations by Capt. A. P. Bilyeu, Col. S. M. Bowman, Lieut. Col. Joseph G. Crane, Lieut. Col. S. C. Benham, and Brig. Gen. Henry G. Thomas. My application and recommendations were forwarded to the War Department by Gov. Reuben E. Fenton, of New York.

I heard nothing from my application until after Lee's surrender, when I had life put into the matter by some friends. The Secretary of War refused to promote or commission me because the war was then practically over, but in recognition of my services, so I was informed, ordered my commander, Col. S. M. Bowman, who interviewed him in my behalf, to muster me out with the rank of brevet captain in the commissary department.

Accordingly, some time in the early part of May, 1865, Colonel Bowman, who was expecting to be himself mustered out every day, and who then spent about all of his time in Washington, while I was then at Wilmington, Del., sent me my discharge or muster out undated, but with directions for me to date it on the day we were all mustered out.

It so happened that Colonel Bowman was mustered out on May 16, 1865, a fact, however, of which I was ignorant, he being in Washington and I being at Wilmington. Captain Bilyeu resigned in July following; but as I did not get through with all my work until August 4, I dated my discharge on that day, as I thought I had the right to do. The following is a copy of the discharge:

(Special Order.)

MILITARY HEADQUARTERS, DISTRICT OF DELAWARE,
Wilmington, August 4, 1894.

In obedience to the order of the honorable Secretary of War, the following officers on duty in this district are this day honorably discharged from the service of the United States, by reason of the termination of the war.

I. First Lieut. Henry R. Gibson, C. S. Vols., with the brevet rank of captain.

He will turn over all United States property in his possession to Col. Joseph G. Crane, C. S. Vols., Baltimore, Md.

S. M. BOWMAN,
Col. Eighty-fourth Pa. Vols., Comdg.

In January, 1866, I moved to Knoxville, and realizing that my army record was defective I employed John H. McCutcheon, esq., a claim agent in Washington City, to procure for me a commission as captain and commissary of subsistence, I feeling that I was entitled to such a commission by reason of my original appointment and my muster out as captain by brevet. Mr. McCutcheon notified me that the records of the War Department did not show the order for my appointment or the order to muster me out, and advised me to write a letter to the Secretary of War for a commission as captain and commissary of subsistence, volunteers, but to state nothing in my letter that did not appear of record; and that he and my Washington friends who knew some of the outside facts would make out the balance of the case.

I accordingly wrote the letter that Mr. JOHN HOUK has had published, dated July 12, 1866. In that letter, I showed only what appeared on the War Department records, and stated that I "felt keenly and sensitively the humiliation arising from my never having been regularly in the United States service during the war." By this I meant that I had never been commissioned, the appointment I had having become obsolete and ineffective by reason of my having been assigned to duty away from the Army of the Potomac.

This letter and other papers I sent to Mr. McCutcheon, but he had no success, except to get a fee from me. About this time I removed from Knoxville to Campbell County, and business matters drove the subject of getting a commission out of my mind.

I introduced (in the Grand Army of the Republic court of inquiry) copies of my letter of appointment (the original having been transmitted with my application to the War Department for a commission), copies of my application to the Secretary of War for a promotion, and of my endorsements by Capt. A. P. Bilyeu, Col. S. M. Bowman, Lieut. Col. Joseph G. Crane, Lieut. Col. S. C. Benham, and Brig. Gen. Henry G. Thomas. I also made a part of my own evidence a letter introduced in evidence by the prosecution, of which the following is a copy.

GOVERNOR FENTON'S RECOMMENDATION.

ALBANY, N. Y., December 14, 1864.

SIR: I have the honor to join in the recommendations for the appointment of Henry R. Gibson, of the subsistence department, at Wilmington, Del., for assistant commissary, with the rank of captain.

Very respectfully,

R. E. FENTON.

To Hon. EDWIN M. STANTON,
Secretary of War, Washington, D. C.

It will be seen that this letter from Governor Fenton, introduced by the prosecution, shows two very important facts: First, that other recommendations for my appointment as captain had been made to the Secretary of War; and second, that I was then in the subsistence department of the Army at Wilmington, Del.

HENRY R. GIBSON.

[Governor Fenton's letter reached the War Department in 1868.]

GIBSON'S FALSE STORY OF 53 TO 1.

Mr. Chairman, I here present a statement from one of the most reliable citizens of Knoxville, who was in the meeting of the post when Mr. Gibson was whitewashed, which shows that Mr. Gibson's claim that he was "vindicated" by a vote of the post—"53 to 1"—is absolutely false, and that in this meeting only Mr. Gibson's side of the case was heard. The audacity of "Comrade" Gibson is something wonderful to behold.

KNOXVILLE, TENN., February 10, 1894.

DEAR SIR: In answer to your letter of the 9th I will say:

First. I am a member of the Ed. Maynard Grand Army of the Republic Post.

Second. I was present at the meeting of the post when Henry R. Gibson called attention to the charges against him and submitted his so-called military papers. No proof was submitted by John Houk or any of his friends.

Third. Henry R. Gibson was urged by several of the leading members of the post to request or demand a committee or a court of inquiry so that there could be a thorough and impartial investigation and an opportunity given to both sides to submit proof. Mr. Gibson did not act upon any of these suggestions so that when the post did vote to sustain him it only had before it the proof on Gibson's side.

Fourth. I am reliably informed that there were 54 present at this meeting, including myself, and of this number 5 were visitors from other posts and had no vote, and of the other 49, the commander did not vote, neither did Mr. Gibson, which left 47, and of this number at least 12 or 15 did not vote. I notice that the Republican Banner states that the vote was 53 to 1. This could not be possible. There was no roll called, and not a standing vote, but a viva voce vote. In stating the vote at 53 to 1, the Republican Banner includes everyone present as voting for Gibson, except one, whereas there were, as I have stated before, 15 or 20, including myself, that did not vote, and many of those not voting were seated near me and within my hearing. Besides I have talked with them since the meeting and ascertained that they did not vote. I will say further that at a subsequent meeting a member of the post in good standing held the proof in his hand and demanded an investigation, and offered to prove if given an opportunity, that Mr. Gibson was never a soldier, but his request was voted down by Mr. Gibson's friends.

Very respectfully,

R. H. HOOD.

Hon. JOHN C. HOUK, Knoxville, Tenn.

[R. H. Hood is known by everybody of Knoxville as one of the most reliable citizens of that community.]

Mr. Chairman, the true story of the 57 members of the Ed. Maynard Post is now presented:

VETERANS TO VETERANS.

To our Comrades in the Second District:

The undersigned, veterans of the Union Army and members of Ed. Maynard Post, No. 14, Grand Army of the Republic, of Knoxville, desire to make a statement to our comrades who wore the blue. Last summer the eligibility of one of our post members, Henry R. Gibson, was questioned, and the post, on his own ex parte statement, without investigation according to our laws, decided that his army record was all right. Subsequently a court of inquiry was held to investigate his eligibility, and the testimony adduced before it proved that his record was "spurious and fictitious," that he had never been in the Union Army, and the commander in chief ordered him dropped. From this action Mr. Gibson told his friends that he would appeal to the national encampment, the supreme court of the Grand

Army, and that the decision would be reversed and that he would be restored to membership. The encampment has been held and he failed to appeal to it. We can arrive at no other conclusion from his failure to appeal than that he virtually acknowledges that the decision of the commander in chief was just—that he was not a soldier and had no right to membership in the Grand Army.

Without regard to political affiliations, we consider it a duty we owe to our comrades living, and to the memory of our comrades dead, to protest against the elevation to honorable public position of a man who falsely claimed to have been a soldier, and persisted in so claiming, to advance his own personal ambition. All honorable men should look with scorn and contempt upon such a man.

We therefore call upon every ex-Union soldier who prides himself on his defense of the flag to aid in placing the seal of condemnation upon this man who has been robbing us of a soldier's honor by pretending to be one of us. The way to do this is to refuse to recognize his claim to be placed in honorable public office—to ignore him. Let your vote be counted against him.

John C. Chiles, Lieutenant-colonel Third Tennessee Infantry; John M. Minton, Company G, Seventh Tennessee Mounted Infantry; Henry F. Shelton, Company H, Eleventh Tennessee Cavalry; John Leahy, Company C, Third Tennessee Infantry; Louis K. Sexton, Lieutenant Company L, Eighth Tennessee Cavalry; W. B. Baila, Company I, Seventh Tennessee Mounted Infantry; Charles H. Brown, Company E, One hundred and fourth Ohio Volunteer Infantry; Thomas Ridge, Company E, Fifth United States Cavalry; R. H. Hood, Company K, Eighth Tennessee Cavalry; John Martin, Company E, Third Tennessee Cavalry; H. H. Pickel, Company I, First Tennessee Infantry; E. Desarn, Company C, Second Tennessee Cavalry; W. B. Burnett, Company E, Third Tennessee Cavalry; J. A. Doughty, colonel Seventeenth Tennessee Cavalry; S. L. Gilson, Company D, Sixth Tennessee Infantry; James Ganes, Company D, Ninth Tennessee Light Artillery; Nelson M. Shipman, Company C, Knapp's Battery, Pennsylvania; G. W. Canter, Company A, Seventy-second Regiment Indiana Infantry; William Brannum, Company I, Second Tennessee Cavalry; W. H. Roberts, adjutant, Third Tennessee Infantry; C. N. Bentley, Company G, Third Tennessee Infantry; A. S. Thompson, Lieutenant, One hundred and fourteenth Ohio Volunteer Infantry; W. T. Monday, Company F, Ninth Tennessee Infantry; John A. Bean, Company D, Sixth Tennessee Infantry; John Fagan, Company B, Eighth Tennessee Cavalry; Whittle P. Price, Company D, Sixth Tennessee Infantry; James L. Newcom, Company D, Sixth Tennessee Infantry; Jon Huckaby, Company I, Seventh Tennessee Infantry; Charles F. Lehman, Company A, Third Regiment Volunteer Reserve Corps; Daniel E. Dopp, Company I, Nineteenth Michigan Infantry; P. D. Roady, Company G, Eighth Tennessee Cavalry; H. D. Loftis, Second North Carolina Mounted Infantry; John C. Kinzel, Company G, Sixth Tennessee Infantry; Mark Morell, Company D, Sixth Tennessee Infantry; Jefferson Bowers, Company K, Eighty-fifth Illinois Infantry; Charles Weisgarber, Company C, Ninth Tennessee Cavalry; W. F. Davis, Company C, Sixth Tennessee Infantry; W. D. West, Company C, Sixth Tennessee Infantry; George Morrow, Company D, Sixth Tennessee Infantry; A. J. Johnson, Company E, Sixteenth Indiana Infantry; J. A. Doyle, Company A, Sixth Tennessee Infantry; Hiram Eastridge, Company K, Tennessee Cavalry; L. E. Tapp, Company K, Thirteenth Tennessee Cavalry; Thomas Moffett, Company A, Sixth Tennessee Infantry; Daniel Hill, Company F, Second Tennessee Cavalry; Thomas Bowlin, Company I, Third Tennessee Infantry; Jerome Marsh, First Sergeant Company H, Fourth Kentucky; Joseph Simmons, Company E, Second Tennessee Infantry; Robert Godfrey, Company C, Sixth Tennessee Infantry; Leon Beaver, Company A, One hundred and thirty-first Ohio Infantry; Riley Maranville, Company E, One hundred and twelfth Illinois Infantry; Valentine A. Lawson, Company I, First Tennessee Cavalry; Neill McClellan, Company —, Sixth Tennessee Infantry; Delos Odell, Company H, Fourteenth Illinois Cavalry; Frank Seaman, sergeant First Ohio Battery; John W. Cheatham, Company D, Tennessee Light Artillery; V. F. Gossett, Company A, Sixth Tennessee Infantry.

STATE OF TENNESSEE, Knox County:

Have compared the names printed above with the signatures to the original of the above instrument, and find the printed names to be as the written signatures. Witness my hand and official seal, October 23, 1894.

[SEAL.]

N. N. OSBORNE, Notary Public.

BEGINNING OF THE INVESTIGATION—SYSTEMATICALLY CONDUCTED.

Mr. Chairman, this investigation of this now celebrated case was commenced by the late Hon. L. C. Houk, M. C., in 1889, and at his death I took up the case and continued the systematic investigation which he had inaugurated, resulting in the astounding revelations which I have related and others to be related.

I will now give the official correspondence from the beginning to the end, and I hope the committee and the House will hear it. It makes a perfect chain of evidence against this alleged Lieutenant on Hooker's staff.

WASHINGTON, D. C., July 2, 1889.

SIR: I most respectfully ask that you advise me if your office has any record of the service of Henry R. Gibson, who claims to have been "captain and commissary of subsistence, volunteers," in the Federal service from the State of Maryland or the District of Columbia?

This information is not desired for the purpose of prosecuting any claim against the Government in any way, shape, or form whatever. I simply want the information.

I am, very truly,

L. C. HOUK, M. C.

Hon. ADJUTANT-GENERAL, UNITED STATES ARMY.

[Indorsement.]

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE.

July 3, 1889.

Respectfully returned with the information that the name Henry R. Gibson is not borne on register as a commissioned officer of volunteers during the late war.

M. O. SHERIDAN,
Assistant Adjutant-General.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., July 6, 1889.

COMMISSARY-GENERAL:

Please, after a careful examination, inform me if the records of the Commissary-General's Office show Henry R. Gibson as having served in the Federal Army as "captain and commissary of subsistence volunteers," or in any other capacity. He claims, I think, to have enlisted from New York, Maryland, or the District of Columbia.

If he was regularly enlisted and discharged would you not have a record of it? This information is not desired for the purpose of prosecuting any claim against the Government in anyway, shape, or form whatever.

I am, very truly,

L. C. HOUK, M. C.

The Adjutant-General's Office (as per his letter) has no record of this man's service.

[First indorsement.]

WAR DEPARTMENT, OFFICE COMMISSARY OF SUBSISTENCE,
Washington, July 9, 1889.

Respectfully returned to the Hon. L. C. Houk, 811 K street NW., Washington D. C., who is informed that the records of this office do not indicate that Henry R. Gibson performed duty in this Department as an officer of volunteers, nor do they show whether he was employed as a civilian or detailed as an enlisted man.

R. MACFEELY,
Commissary-General of Subsistence.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., October 28, 1889.

SIR: Please give me the military history, if any, of Henry R. Gibson, company and regiment not known. Claims to have served from 1861 to 1865 as "captain and commissary of subsistence, United States volunteers." Before he could have served in this capacity would he not have had to give bond? If so, would you not have the bond or a record of it? If you would not have the bond or a record of it who would?

This information is not asked for the purpose of prosecuting or aiding in the prosecution of any claim in anyway, shape, or fashion, direct or indirect, against the United States.

Respectfully,
Hon. SECRETARY OF WAR.

L. C. HOUK, M. C.

Subject: Military service of Henry R. Gibson.

[3906 C.]

WAR DEPARTMENT,
Washington City, November 5, 1889.

SIR: In reply to your request of the 28th ultimo, for a statement of the military service of Henry R. Gibson, as captain and commissary of subsistence of volunteers, I have the honor to state that the records of the Adjutant-General's Office fail to show that Henry R. Gibson was a commissary of subsistence during the late war, but it appears that in July, 1866, he applied to the Secretary of War for a commission in the grade indicated to date from November 30, 1864, and for a "muster out" to date July 4, 1865, stating that he had served from about November, 1862, to about August, 1863, as chief clerk to Capt. A. P. Bilyen, commissary of subsistence. No action was taken upon his application.

Very respectfully,

REDFIELD PROCTOR,
Secretary of War.

Hon. L. C. HOUK, M. C.,
House of Representatives.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., November 9, 1889.

SIR: The 28th of October last I addressed you a letter relative to the military history, if any, of Henry R. Gibson, who claimed to have served as "captain and commissary of subsistence of volunteers."

Your courteous reply was duly received, an exact copy of which I inclose. I respectfully request that you furnish me a "true copy" of Henry R. Gibson's application for a commission in the grade of "captain and commissary of subsistence of volunteers," or any other grade, and for a "muster out."

Also, I respectfully ask for a copy or copies of any other paper or papers filed in this connection, and that you inform me, if you can, whether action was taken on said Gibson's application, etc.

Also, give me a statement of the military service of said Capt. A. P. Bilyen. These facts are not sought for the purpose of prosecuting any claim against the United States in anyway, form, or fashion whatever.

Wishing a reply as soon as it is practicable, I am,
Very respectfully,

(Signed)

Hon. REDFIELD PROCTOR,
Secretary of War.

L. C. HOUK, M. C.

Subject: Application of Henry R. Gibson for commission.

[3418 C.]

WAR DEPARTMENT,
Washington City, November 20, 1889.

SIR: Referring to previous correspondence in regard to an application from Henry R. Gibson for a commission as captain and commissary of subsistence of volunteers, and in response to your request of the 9th instant, I have the honor to inclose the following:

1. A true copy of an application from Mr. Gibson, dated July 12, 1866, for such a commission, to date November 30, 1864, and for a muster out to date July 4, 1865;
2. A copy of a letter of December 14, 1864, from Hon. R. E. Fenton of New York, recommending the appointment of Mr. Gibson; and
3. A statement of the military service of Capt. A. P. Bilyen, late commissary of subsistence of volunteers.

The inclosed report of the 12th instant from the Adjutant-General shows that the application of Mr. Gibson for a commission, which he states was made November 30, 1864, was not received. It will also be seen from the said report that Mr. Gibson was employed as a civilian clerk by Captain Bilyen, but the official record of such service is not on file here. It may, however, be found in the office of the Third Auditor of the Treasury.

Very respectfully,

J. M. SCHOFIELD,
Major-General, Acting Secretary of War.

Hon. L. C. HOUK, M. C.,
House of Representatives.

(Inclosures 2, 3, and 4 of 3418 C and copy of indorsement of the Adjutant-General.)

KNOXVILLE, TENN., July 12, 1866.

SIR: On the 30th of November, 1864, I applied for a commission as captain and

commissary of subsistence, volunteers, said application being endorsed by Capt. A. P. Bilyen, commissary of subsistence, volunteers, chief commissary for the district of Delaware and Eastern Shore of Maryland; by Col. S. M. Bowman, commanding said district; by Lieut. Col. Joseph G. Crane, chief commissary of subsistence, Eighth Army Corps; by Lieut. Col. S. C. Benham, chief commissary of subsistence, Department of Arkansas and Seventh Army Corps, and by Brig. Gen. Henry G. Thomas, United States Volunteers, and was forwarded to you by Governor Fenton, of New York.

At the time of making the above application, for two years previously and for nine months subsequently, I was chief clerk to Capt. A. P. Bilyen, commissary of subsistence, volunteers, and had been assigned to many difficult, arduous, and perilous duties, acting out of my captain's peculiar duties as officer in charge of the beef cattle for the army of the Potomac, then as connected with the organization of colored troops in Maryland and Delaware, and lastly as chief commissary of subsistence District of Delaware and Eastern Shore of Maryland. The indorsements establish my efficiency under the above circumstances. Being a citizen of South Carolina, and one of her few loyal sons, earnestly praying and working, in my humble capacity, for the success of the Federal armies, I was naturally anxious to be recognized by my country as one of her defenders, and would have enlisted had I not been persuaded by officer friends (some of whom indorsed my application) to continue as commissary clerk, they promising to use their influence to obtain for me a commission of captain and commissary of subsistence, volunteers. My application was postponed from time to time until November 30, 1864, when it was written and sent around to be indorsed by those in authority who deemed me deserving. But we awoke one bright April morn, and—the war was over, the rebellion was dead, the old flag had triumphed; and this I suppose decided the chances against me.

Now, sir, upon this brief statement of facts, and upon my indorsed application (which is, I believe, in your office), I respectfully request that I may be granted a commission as captain and commissary of subsistence, volunteers, dated November 30, 1864 (or earlier), and a muster out dated July 4, 1865; and I will sign the necessary papers to deprive myself of all compensation for said period, or will accept the commission on condition that I shall receive no pay, rations, or compensation of any kind, for self or servant (said condition, of course, not appearing on the commission).

This is doubtless a unique and unheard-of application, but I am living in a Southern city, and feel keenly and sensitively the humiliation arising from my never having been regularly in the United States service during the war. That I did serve my country earnestly and well, my own conscience and the voices of my superiors alike assure me; but, alas! where is the proof that I ever served her at all? Any commission, even of a lower grade than captain and commissary of subsistence, volunteers, will be hailed as a boon, for I long to be able to say, "I, too, stood up for the flag of my country when rebellion arose in the land," and long to show the triumphant proof.

Praying, though little hoping, a favorable response, I am, sir,
Your obedient servant,
HENRY R. GIBSON.
Hon. E. M. STANTON,
Secretary of War, War Department, Washington, D. C.

A true copy.

ARTHUR MACARTHUR, JR.,
Assistant Adjutant-General.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
November 12, 1889.

[This letter contains the following indorsement:]

KNOXVILLE, TENN., July 12, 1866.

[G: 310. C.R. 1866.]

Henry R. Gibson refers to application for appointment as captain and commissary of subsistence, volunteers filed in November, 1864, and requests that he may be granted a commission as such to date November 30, 1864, and muster out to date July 4, 1865, without pay or allowances.

Copy furnished November 12, 1889.

See 6456, acts 1889.

Received Adjutant-General's Office, July 17, 1866.

ALBANY, N. Y., December 14, 1864.

SIR: I have the honor to join in the recommendations for the appointment of Henry R. Gibson, of the subsistence department at Wilmington, Del., [for] assistant commissary with the rank of captain.

Very respectfully,

R. E. FENTON.

To Hon. EDWIN M. STANTON,
Secretary of War, Washington, D. C.

A true copy.

ARTHUR MACARTHUR, JR.,
Assistant Adjutant-General.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
November 12, 1889.

Stamped: 3418C. War Department (4), 1889. 2289, Miscellaneous. Commissary-General. (4) Subsistence, 1889.

[First indorsement.]

ADJUTANT-GENERAL'S OFFICE, November 12, 1889.

Respectfully returned to the Secretary of War, inclosing a statement of the military record of Capt. A. P. Bilyen, late commissary subsistence of volunteers, and a copy of recommendation from Hon. R. E. Fenton, on behalf of Mr. Gibson, dated December 14, 1864, and of a letter from Mr. Gibson, of July 12, 1866, in reference to his application for appointment as captain and commissary subsistence of volunteers. These last two are the only papers found on file or of record in this office respecting Mr. Gibson's application for appointment as captain. There is no record of the receipt of the application and recommendations Mr. Gibson refers to in his letter of July 12, 1866, as having been made in 1864.

J. C. KELTON,
Adjutant-General.

As to Mr. Gibson's service under the Government, an unofficial memorandum on file indicates that he was employed as a clerk by Captain Bilyen, from March 28, 1863, to July 2, 1865, at \$65, \$75, and \$80 per month. The official record of his service would probably be found in the Third Auditor's Office. [Two years three months four days. First indication that Gibson was a commissary clerk.]

Stamped: 3418C. 2289, Miscellaneous. Commissary-General. (6) Subsistence, 1889. 6456, Acts 1889.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
Washington, November 12, 1889.

Statement of the military service of Aaron P. Bilyen, late of the United States Volunteers, compiled from the records of this office.

He was appointed captain and commissary of subsistence of volunteers September 24, 1862.

He was on duty in the defenses of Washington from September, 1862, to March, 1863; in charge of beef cattle for the Army of the Potomac at Aquia Creek, Va., to May, 1863; at Alexandria, Va., engaged in forwarding beef cattle to the Army of the Potomac, to August, 1863; on commissary duty at Alexandria, Va., to December, 1863; at Benedict, Md., to March, 1864; at Baltimore, Md., to September, 1864; and at Wilmington, Del., as commissary of subsistence of the district of Delaware, to July 2, 1865, upon which date his resignation was accepted, he having failed to pass examination before a board convened for the examination of officers of the subsistence department, under the provisions of the act of Congress, approved June 25, 1864, which directed the discharge of officers of the supply and disbursing departments who failed to pass such examination.

J. C. KELTON,
Adjutant-General.

Stamped: 2418C War (2) Department, 1869; 2860, Miscellaneous Commissary-General. (2) Subsistence, 1869.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., December 8, 1899.

SIR: The War Department refers me to your office for a statement of the clerical or other service of Henry R. Gibson, under one Aaron P. Bilyen, who was appointed "captain and commissary subsistence of volunteers" September 24, 1862, and served to about July 2, 1865.

After a careful search, I would be glad for a full statement of said Gibson's service under the Government as the same may appear in the records of your office. Said Gibson claimed himself to have been a "captain and commissary subsistence of volunteers," but the records of the War Department, including his own letter, show that he never was even an enlisted private.

An unofficial memorandum of the War Department indicates that he was employed as clerk by Captain Bilyen from March 28, 1863, to July 2, 1865, at \$65, \$75, and \$90 per month, and a letter from that Department suggests "that his official record would be found in the Third Auditor's Office."

In addition to the above information, please inform me if there is any record in your office showing that the employees, particularly Gibson, under Bilyen, were ever called upon to perform duty as soldiers. (See newspaper clipping.)

This information is not called for the purpose of prosecuting any claim against the United States in any way, shape, form, or fashion—rather the contrary. Please answer fully, after a close examination, and return this letter with inclosure.

Respectfully,

L. C. HOUK, M. C.

Stamped: Third Auditor's office, December 9, 1899. Mail Room.
Honorable THIRD AUDITOR.

TREASURY DEPARTMENT, THIRD AUDITOR'S OFFICE,
Washington, D. C., December 11, 1899.

SIR: In answer to your letter of the 8th instant, herewith returned, I have to inform you that the money accounts of Capt. A. P. Bilyen, acting commissary of subsistence, on file in this office, show him to have paid Henry R. Gibson for service in the subsistence department as assistant clerk, from March 28 to 31, 1863, at \$50 per month; as clerk from April 1 to June 30, 1863, at \$65 per month; from July 1 to December 31, 1863, at \$75 per month; and from January 1, 1864, to July 2, 1865, at \$90 per month (2 years, 3 months, 4 days).

There is no record of his having served in any capacity except as designated. His name is borne upon the rolls of citizens employed, and upon separate vouchers, always appearing as an employee of the subsistence department.

Very respectfully,

W. H. HART, Auditor.

Hon. L. C. HOUK,
House of Representatives.

[The foregoing letters were all submitted to Colonel Ainsworth and request made for thorough examination, etc., and the following letter is his reply, to which special attention is invited.

To this point the investigation was in the name of L. C. Houk. At his death the investigation was taken up by Jno. C. Houk.]

Subject: Military record of Henry R. Gibson.

WAR DEPARTMENT, Washington City, January 9, 1899.

SIR: The papers in the case of Henry R. Gibson, left by you at this office on the 8th instant, with a request for a search of the records for evidence of Mr. Gibson's military service, are herewith returned.

From these papers it appears that Mr. Gibson was a civilian employee of the commissary department of the Army from March, 1863, to July, 1865. This is shown by the statement of the Third Auditor of the Treasury, dated December 11, 1899; and it appears from Mr. Gibson's own statement that he has no military status, for in his letter to the War Department, dated July 12, 1866, he says: "I am living in a Southern city and feel keenly and sensitively the humiliation arising from my never having been regularly in the United States service." This condition he sought to have remedied, after the war had closed, by the issue of a commission as an officer of the subsistence department conferring rank for services rendered as a civilian employee, but in this effort he was unsuccessful. As regards the quasi-military status given to certain employees of the quartermaster's department under the civil-service law, reference to which is made in a printed slip accompanying the papers, it is only necessary to remark that, so far as has been discovered, the status of Mr. Gibson in the service was not analogous to that of the employees therein referred to, who were regular organized and employed for military service against the enemy. It therefore appears from the papers in the case, including Mr. Gibson's own statement, that he was not in the service of the United States either as an officer or an enlisted man. In compliance, however, with your request, a careful search has been made of the records of officers and enlisted men of New York, Maryland, District of Columbia, South Carolina, and Tennessee organizations in service during the war of the rebellion, and the name Henry R. Gibson has not been found. The records of Pennsylvania troops have not yet been carded and alphabetically arranged, and hence their systematic examination is impracticable, but the register of officers from that State has been examined and the name of Mr. Gibson is not found therein.

Very respectfully,

F. C. AINSWORTH,
Major and Surgeon, U. S. Army.

Hon. J. C. HOUK,
House of Representatives.

LETTERS TO AND FROM THE SECRETARY OF WAR AND COLONEL AINSWORTH—HONORABLE DISCHARGE DISCUSSED—A HENRY R. GIBSON DISCOVERED WHO IS NOT THE RIGHT MAN—FINAL THOROUGH SEARCH FOR A RECORD OF GIBSON'S ORIGINAL APPLICATION FOR A COMMISSION, ETC.

KNOXVILLE, TENN., June 7, 1898.

MY DEAR SIR: On January 9, 1899, I received the following letter from you marked "R. S. B.—Military Record of Henry R. Gibson." "The papers in the case of Henry R. Gibson left by you at this office on the 8th instant, with a request for a search of the records for evidence of Mr. Gibson's military service, are herewith returned. From these papers it appears that Mr. Gibson was a civilian employee of the commissary department of the Army from March, 1863, to July, 1865. This is shown by the statement of the Third Auditor of the Treasury, dated December 11, 1899, and it appears from Mr. Gibson's own statement that he has no military status, for, in his letter to the War Department, dated July 12, 1866, he says: 'I am living in a Southern city and feel keenly and sensitively the humiliation arising from my never having been regularly in the United States service.' This condition he sought to have remedied after the war had closed by the issue of a commission as an officer of the subsistence department, conferring rank for services rendered as a civilian employee, but in this effort he was unsuccessful. As regards the quasi-military status given to certain employees of the Quartermaster's Department under the civil-service law, reference to which is made in a printed slip accompanying the papers, it is only necessary to remark that so far as has been discovered, the status of Mr. Gibson in the service was not analogous to that of the employees therein referred to, who were regularly organized and employed for military service against the enemy. It, therefore, appears from the papers in the case, including Mr. Gibson's own statement, that he was not in the service of the United States either as an officer or an enlisted man. In compliance, however, with your request, a careful search has been made of the records of officers and enlisted men of New York, Maryland, District of Columbia, South Carolina, and Tennessee organizations in service during the war of the rebellion and the name of Henry R. Gibson has not been found. The records of Pennsylvania troops have not yet been carded and alphabetically arranged and hence their systematic examination is impracticable, but the register of officers from that State has been examined and the name of Mr. Gibson is not found therein." Since receiving this answer I understand Henry R. Gibson claims to have an honorable discharge, either in his own handwriting or in the handwriting of some other person, signed by Col. S. M. Bowman, commanding the District of Columbia, Delaware, and the Eastern Shore of Maryland. I wish you would be kind enough, after full consideration and thorough investigation, to advise me:

First. As to what constitutes an honorable discharge from the Army, Navy, or Marine Corps of the United States of soldiers or sailors who served between April 12, 1861, and April 9, 1865, in the war for the suppression of the rebellion?

Second. What constitutes an honorable discharge from such State regiments as were called into active service and subject to the orders of the United States general officers, between the dates above mentioned?

Third. Did either or all of the following officers named in Gibson's letter to Stanton have the right to issue honorable discharges from the service indicated in questions 1 and 2 above asked: Capt. A. P. Bilyen, commissary of subsistence, volunteers, chief commissary for the district of Delaware and Eastern Shore of Maryland; Col. S. M. Bowman, commanding the district of Delaware and Eastern Shore of Maryland; Lieut. Col. Jos. G. Crane, chief commissary Eighth Army Corps; Lieut. Col. S. C. Benham, chief commissary department Arkansas and the Seventh Army Corps; and Brig. Gen. Henry G. Thomas, United States Volunteers?

Fourth. Were the commissary clerks or any of them who served under either or all of the officers named in question 3, ever organized into State regiments or into any smaller division or organization and called into active service and made subject to the orders of the United States general officers between the dates mentioned in question 1?

Fifth. Had the governors of the States the right at any time to issue honorable discharges from the service indicated in questions 1 and 2?

I will state that Col. S. M. Bowman, above referred to, is mentioned in the following volumes of the Rebellion Record:

Volume 10, part 1, pages 24, 26, 644, 645, and 646.

Volume 23, part 1.

Volume 25, part 2, page 579.

Volume 33, page 681.

Volume 36, part 3, page 316.

Volume 37, part 2, pages 177 and 298.

You have heretofore made a full, careful search of the records of the officers and enlisted men of New York, Maryland, District of Columbia, South Carolina, and Tennessee organizations in service during the war of the rebellion and failed to find the name of Henry R. Gibson. I most respectfully request that you search the records of the officers and enlisted men of Pennsylvania and other States and advise me whether the name of Henry R. Gibson appears in any of them. By giving this letter careful consideration you will greatly oblige me.

Yours, truly,

JNO. C. HOUK, M. C.

Col. F. C. AINSWORTH,
Record and Pension Division, War Department, Washington, D. C.

B. J. W. 811, 747.
Subject: Case of Henry R. Gibson, Record and Pension Office, War Department.

WASHINGTON CITY, June 19, 1898.

SIR: In reply to your letter of the 1st instant, in case of Henry R. Gibson, formerly a civilian employee of the commissary department, I am directed by the Secretary of War to inform you as follows:

1. As to what constituted an honorable discharge from the Army, Navy, or Marine Corps, or from State regiments in the service of the United States during the war of the rebellion it is understood by this Department that such a discharge consists in a separation from the service while in a status of honor, by competent authority and in honorable terms.

The law in regard to discharges from the military service during the late war was found in the then 11th Article of War, which reads as follows:

"After a noncommissioned officer or soldier shall have been duly enlisted and sworn, he shall not be dismissed the service without a discharge in writing; and no discharge granted to him shall be sufficient which is not signed by a field officer of the regiment to which he belongs or commanding officer where no field officer of the regiment is present; and no discharge shall be given to a noncommissioned officer or soldier before his term of service has expired, but by order of the President, the Secretary of War, the commanding officer of a department, or the sentence of a general court-martial, nor shall a commissioned officer be discharged the service but by order of the President of the United States or by sentence of a general court-martial."

Paragraph 163, Army Regulations of 1861, repeated in the regulations of 1863, reads:

"No enlisted man shall be discharged before the expiration of his term of enlistment without authority of the War Department, except by sentence of a general court-martial, or by the commander of the department or of an army in

the field, on certificate of disability, or on application of the soldier after twenty years' service."

The right to discharge soldiers on account of physical disability was in some instances during the war exercised by local commanders, such as the military commander of a city, by authority of the Secretary of War; and medical inspectors of the army were authorized by law and the orders of the War Department to discharge disabled men, but the right of discharge on account of physical disability was generally exercised by department or army commanders.

The mere certificates of discharge, were, however, generally given by subordinate officers. Authority to discharge soldiers by reason of expiration of term of service was delegated to mustering officers specially appointed for the purpose.

2. The officers of the Commissary Department mentioned in your letter do not appear to have been authorized to grant discharges from the army for any cause, nor did the command exercised by Brig. Gen. Henry G. Thomas, United States Volunteers, authorize him to issue discharges. Col. S. M. Bowman, Eighty-fourth Pennsylvania Volunteers, was in command of the district of Delaware from August 20, 1861, to March 20, 1865. It is believed that he had no authority to grant discharges from the United States military service, unless upon certificate of disability. The command of Colonel Bowman did not include the Eastern Shore of Maryland.

3. The governors of States had no authority during the war of the rebellion to discharge officers or enlisted men from the service of the United States.

4. No record has been found that the commissary clerks of the Middle Department, district of Delaware, district of Delaware and Eastern Shore of Maryland, or of the Department of Arkansas, were organized or assigned to organizations for military service during the war.

5. The records of all the State and Territorial troops in the service of the United States during the war of the rebellion, except those of Indiana and Illinois, have been examined, and the name Henry R. Gibson has been found only in one instance. This Henry R. Gibson was enlisted August 5, 1863, at Woodstock, Vt., in Company C, Third Vermont Volunteers, to serve three years, and was mustered out of service with his company July 11, 1865, at Halls Hill, Va. He was born at Chester, Vt. The indexing of the records of troops from the States of Indiana and Illinois and of the United States Veteran Reserve Corps and United States Veteran Volunteers has not yet been completed, and a thorough examination of these records is now impracticable, but the name Henry R. Gibson is not found on the registers of officers of these troops.

Very respectfully,
F. C. AINSWORTH,
Colonel, U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK, M. C.,
Knoxville, Tenn.

KNOXVILLE, TENN., June 17, 1893.

DEAR SIR: I respectfully ask the following questions and urge that you kindly answer them at the very earliest date practicable:

First. What constitutes an honorable discharge, and who is authorized to sign it, from the military service of the United States of a soldier who served between April 12, 1861, and April 9, 1865, in the war for the suppression of the rebellion?

Second. What constitutes an honorable discharge from the United States military service of a soldier who served in the above war between April 9, 1865, and the date on which the war was declared at an end?

Third. If an honorable discharge had been issued to a soldier dated November 30, 1864, or July 4, 1865, or August 4, 1865, or on any other date prior to the time the war was declared to be at an end, would not there be a record of it in the War Department, especially if the soldier was discharged from the service in either of the States of New York, Pennsylvania, Delaware, New Jersey, Maryland, Virginia, or the District of Columbia?

Fourth. An unofficial memorandum on file in the office of the Adjutant-General "indicates that Henry R. Gibson was employed as a clerk by Captain Bilyeu, acting commissary of subsistence from March 28, 1863, to July 2, 1865, at \$65, \$75, and \$90 per month." The records of the Third Auditor's office show that Capt. A. P. Bilyeu, acting commissary of subsistence, "paid Henry R. Gibson for service in the subsistence department as assistant clerk from March 28 to 31, 1863, at \$50 per month; as clerk from April 1 to June 30, 1863, at \$65 per month; from July 1 to December 31, 1863, at \$75 per month; and from January 1, 1864, to July 2, 1865, at \$90 per month, and that there is no record of his having served in any capacity except as designated; also that his name is borne upon the rolls of citizens employed and upon separate vouchers, always appearing as an employee of the subsistence department."

A letter on file in your Department, dated July 12, 1866, and signed by Henry R. Gibson, says that for "two years previous to November 30, 1864, and for nine months subsequently" he was chief clerk to Capt. A. P. Bilyeu, commissary of subsistence Volunteers.

A letter from your Department, dated November 13, 1889, and addressed to my father, Hon. L. C. Houk, then Member of Congress, says that Aaron P. Bilyeu was appointed captain and commissary of the subsistence, department of volunteers, September 24, 1862, and that he was on duty in the defenses of Washington from September, 1862, to March, 1863; that he was in charge of beef cattle for the Army of the Potomac at Aquia Creek, Va., to May, 1863; that he was at Alexandria, Va., engaged in forwarding beef cattle to the Army of the Potomac to August, 1863; that he was on commissary duty at Alexandria, Va., to December, 1863; at Bonediet, Md., to March, 1864; at Baltimore, Md., to September, 1864; and at Wilmington, Del., as commissary of subsistence of the district of Delaware to July 2, 1865, from which date his resignation was accepted, he having failed to pass examination, etc.

In the History of Tennessee, published at Nashville, Tenn., July, 1887, by the "Good-speed Publishing Company," appears the following authorized biographical sketch: "Henry R. Gibson entered the military service of the United States March 17, 1863, on the general staff of the Army of the Potomac. He participated in the second battle of Fredericksburg, in the battles of Chancellorsville and Monocacy, and in the preliminary skirmishes of Gettysburg. He was honorably discharged from the service August 4, 1865." Will you be kind enough to advise me as to the exact date or dates on which the above battles were fought, and whether the commissary clerks under Captain Bilyeu "participated" in them as soldiers; and, if so, in what way? If the location of the commissary clerks and Henry R. Gibson, who served under Captain Bilyeu, was such as to render it impossible for them or either of them to be present at and participate in either of the above battles, please so state. What was the "General staff of the Army of the Potomac," and was Henry R. Gibson a member of it on March 17, 1863, or on any other date?

By investigating and developing the truth of this matter and answering my letter fully in detail, you will not harm the interests of the true soldier or of the Government, and by so doing you can not inflict injustice upon Henry R. Gibson. Please give me an early answer.

Could Henry R. Gibson have received an honorable discharge from the military service of the United States August 4, 1865, "he never having been regularly in the United States service," according to his own language?

Yours, truly,

Hon. DANIEL LAMONT,
Secretary of War, Washington, D. C.

JNO. C. HOUK, M. C.

WAR DEPARTMENT,
Washington City, June 28, 1893.

SIR: In reply to your letter of the 17th instant, I beg to inform you as follows: 1. As to what constitutes an honorable discharge from the military service of the United States of a soldier who served during the war of the rebellion, it is understood by this Department that such a discharge consists in a separation from the service while in a status of honor, by competent authority, and in honorable terms.

The law in regard to discharges from the military service during the late war is found in the then eleventh article of war, which reads as follows:

"After a noncommissioned officer or soldier shall have been duly enlisted and sworn, he shall not be dismissed the service without a discharge in writing; and no discharge granted to him shall be sufficient which is not signed by a field officer of the regiment to which he belongs, or commanding officer, where no field officer of the regiment is present; and no discharge shall be given to a noncommissioned officer or soldier before his term of service has expired, but by order of the President, the Secretary of War, the commanding officer of a department, or the sentence of a general court-martial; nor shall a commissioned officer be discharged the service but by order of the President of the United States, or by sentence of a general court-martial."

Paragraph 163, Army Regulations of 1861, repeated in the regulations of 1893, reads:

"No enlisted man shall be discharged before the expiration of his term of enlistment without authority of the War Department, except by sentence of a general court-martial, or by the commander of the Department; or of an army on the field; on certificate of disability, or on application of the soldier after twenty years' service."

The right to discharge soldiers on account of physical disability was in some instances during the war exercised by local commanders by authority of the Secretary of War; and medical inspectors of the Army were authorized by law and the orders of the War Department to discharge disabled men, but the right of discharge on account of physical disability was generally exercised by department or army commanders. The mere certificates of discharge were, however, usually given by subordinate officers.

2. When a soldier was discharged the service during the war of the rebellion a record of the fact was made and the fact of discharge should appear on the soldier's service record of this Department.

3. The military operations including the battle of Fredericksburg, Va., date from December 11 to 15, 1862; the battle of Chancellorsville from May 1 to 5, 1863; and the battle of Gettysburg from July 1 to 3, 1863. The battle of the Monocacy was fought July 9, 1864.

No record or other evidence has been found on file in this Department that Henry R. Gibson, or any other clerk or clerks serving under Capt. A. P. Bilyeu, assistant commissary of subsistence, participated in any capacity in either of these engagements.

The expression "General staff of the Army of the Potomac" is not understood by this Department, but upon an examination of the official returns of that army the name Henry R. Gibson has not been found. These returns do not include the names of enlisted men, but it will be observed from former correspondence that Mr. Gibson stated in a letter to this Department, dated July 12, 1866, that he had "never" been regularly in the United States service during the war, "either as an officer or an enlisted man, claiming service only as a civilian clerk in the Subsistence Department of the Army."

Very respectfully,

L. A. GRANT,
Assistant Secretary of War.

Hon. JNO. C. HOUK, M. C.,
Knoxville, Tenn.

KNOXVILLE, TENN., June 29, 1893.

DEAR SIR: There is a Henry R. Gibson who was enlisted August 5, 1863, in the Federal Army at Woodstock, Vt., in Company C, Third Vermont Volunteers, to serve three years, and was mustered out of the service with his company July 11, 1865, at Halls Hill, Va. He was born at Chester, Vt. The above facts are shown by the records of the War Department. I desire to secure a full statement of this man's history and military record as it is found on file in your Department. This man's full military history is desired not for the purpose of prosecuting any claim in any way, shape, form, or fashion, directly or indirectly, against the Government of the United States. I desire the full record of this man so as to be able to show that another Henry R. Gibson is not the Henry R. Gibson above referred to.

Yours truly,

JOHN C. HOUK, M. C.

The Hon. SECRETARY OF WAR,
Washington, D. C.
(One Inclosure.)

Subject: Military service. [368833.]
WAR DEPARTMENT, RECORD AND PENSION OFFICE,
Washington City, July 3, 1893.

SIR: In compliance with your request of the 29th instant, received to-day, I am directed by the Secretary of War to transmit herewith a full statement of the military service of Henry R. Gibson, late of Company C, Third Vermont Volunteers.

Very respectfully,

F. C. AINSWORTH,
Colonel U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK, M. C.,
Knoxville, Tenn.

R. and P., 368833. Military record of Henry R. Gibson, late of Company C, Third Vermont Volunteers.

The records show that Henry R. Gibson, private, Company C, Third Vermont Infantry, was enlisted and mustered in August 5, 1863, at Woodstock, Vt., to serve three years, as a substitute for Charles O. Sargeant, of Chester, Vt.; was promoted to be corporal October 17, 1864, and to be sergeant June 29, 1865. He was mustered out with the company July 11, 1865, at Halls Hill, Va.

During the entire period of his service he is reported present on the muster rolls of the company.

His personal description is as follows: Born, Vermont; age, 36 years; occupation, farmer; eyes, blue; hair, black; complexion, dark; height, 5 feet 8 1/2 inches. Official statement respectfully furnished for the information of the Hon. JOHN C. HOUK, M. C.

By authority of the Secretary of War:

F. C. AINSWORTH,
Colonel, U. S. Army, Chief of Office.

RECORD AND PENSION OFFICE,
War Department, July 5, 1893.

WAR DEPARTMENT, ADJUTANT GENERAL'S OFFICE,
Washington, July 13, 1893.

MY DEAR SIR: I am in receipt of your note of the 14th instant. By this time you have doubtless received back your letter to the Secretary of

War, asking for a further examination of records in the case of Henry R. Gibson, with reports from this office and the Record and Pension Office, returned to you the 14th instant from Secretary's office.

It seems certain that no papers other than those of which you have copies have ever been placed on file asking for his appointment and captain and commissary of subsistence, but even if such papers had been found, the fact would remain that he was a clerk and not a commissioned officer during the war.

Very truly, yours,

Hon. JOHN C. HOUK,
Knoxville, Tenn.

H. A. KOHR,
Expert 22 years in Adjutant-General's Office.

KNOXVILLE, TENN., July 7, 1893.

DEAR SIR: The Adjutant-General on November 12, 1889, in response to an inquiry made by Hon. J. C. Houk, then member of Congress, made the following return to the Secretary of War:

"Respectfully returned to the Secretary of War inclosing a statement of the military record of Capt. A. P. Bilyeu, commissary of subsistence, volunteers, and a copy of the recommendation from Hon. R. E. Fenton, in behalf of Mr. Gibson, dated December 14, 1864, and of a letter from Mr. Gibson of July 12, 1866, in reference to his application for appointment as captain and commissary of subsistence, volunteers. These last two are the only papers found on file or of record in this office respecting Mr. Gibson's application for appointment as captain. There is no record of the receipt of the application and recommendations Mr. Gibson refers to in his letter of July 12, 1866, as having been made in 1864. As to Mr. Gibson's service under the Government an unofficial memorandum on file indicates that he was employed by Captain Bilyeu from March 23, 1863, to July 2, 1865, at \$65, \$75, and \$90 per month. The official record of his service would probably be found in the Third Auditor's Office."

My father received the statement of the military record of Captain Bilyeu and a copy of the recommendations from Mr. Fenton and a copy of Mr. Gibson's letter above referred to.

It has been nearly four years since these documents were discovered and copies of them supplied to my father, and I desire to urge that you direct the adjutant-general to again thoroughly investigate the records of his office and furnish me with a certified copy of any other recommendation, statement, document, or letter which may be found on file in connection with the military record of Henry R. Gibson.

Mr. Gibson, in the beginning of his letter to Secretary Stanton, used this language: "On the 30th of November, 1864, I applied for a commission as captain and commissary of subsistence volunteers, said application being indorsed by Captain Bilyeu, commissary of subsistence volunteers, chief commissary for the district of Delaware and Eastern Shore of Maryland, by Col. S. M. Bowman, commanding said district, by Lieut. Col. Jos. G. Crane, chief commissary of subsistence volunteers, Eighth Army Corps, by Lieut. Col. S. C. Benham, chief commissary, Department of Arkansas, and Seventh Army Corps, and by Brig. Gen. Henry G. Thomas, United States volunteers, and was forwarded to you by Governor Fenton, of New York."

Henry R. Gibson, in June last, told, with emphasis, one of the leading and reliable men of this city, so the latter tells me, that he, Gibson, had some kind of a commission from Secretary Stanton. In June last Henry R. Gibson also told another very prominent citizen of east Tennessee, equally as reliable as the former gentleman to whom I have referred, that he had some kind of an honorable discharge from Col. S. M. Bowman.

Now I dislike very much to bother your Department further about this matter, but I find it necessary to write this letter, and if you will kindly have it promptly answered I will drop the case so far as calling upon your Department for information, etc.

Yours, truly,

Hon. DANIEL LAMONT,
Secretary of War, Washington, D. C.

JNO. C. HOUK, M. C.

[First indorsement.]

ADJUTANT-GENERAL'S OFFICE,
Washington, July 13, 1893.

Respectfully returned to the Secretary of War with the information that another thorough search of the records of this office has been made, and that no record has been found of any application or recommendation for the appointment of Henry R. Gibson as captain and commissary of subsistence, other than those of which copies are already in the possession of Hon. Mr. Houk.

Possibly some trace of the application claimed to have been made November 30, 1864, may be found on the records of discontinued commands on file in the Record and Pension Office.

R. WILLIAMS,
Adjutant-General.

[Second indorsement.]

RECORD AND PENSION OFFICE, July 13, 1893.

Respectfully returned to the Secretary of War with the information that none of the papers within referred to in the case of Henry R. Gibson has been found on file in this office.

F. C. AINSWORTH,
Colonel, U. S. Army, Chief of Office.

[Third indorsement.]

WAR DEPARTMENT, July 14, 1893.

Respectfully returned to Hon. John C. Houk, M. C., Knoxville, Tenn., inviting attention to the preceding reports of the Adjutant-General and the Chief of the Record and Pension Office, showing no record found of the papers within referred to.

An examination of the application book in the office of the Secretary of War from 1863 to date fails to disclose a record of the papers.

L. A. GRANT,
Acting Secretary of War.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., August 21, 1893.

DEAR SIR: There are on file in the office of the Adjutant-General two letters, written and signed by Henry R. Gibson—one dated January, 1866, and the other dated July 12, 1866, both after the war had closed.

Henry R. Gibson claims to have been a Federal soldier during the rebellion and to hold what he claims to be an honorable discharge and a commission as an officer, etc., but which seem to be either irregular and without authority or forged.

The two letters above referred to show beyond all doubt that he was never a soldier in any capacity at any time during the rebellion.

I have stated to my constituents publicly that these letters exist on file in the War Department. I am informed and believe Henry R. Gibson denies that he wrote either of them, and persists in claiming to have an honorable discharge and commissions as an officer, but refuses to reveal to the public the contents of his documents, which he has made the local Grand Army post believe to be regular in every respect. I have a certified copy of the letter of July 12, 1866, but I desire you to order that I be allowed to photograph each of these letters and thus be enabled to verify these records of your Department, the genuineness of which has been questioned by the person creating them, and prevent what has the appearance of being an effort to perpetrate a fraud from being successful at some future time.

I also ask that the photograph when made be certified by the Department. Politics in no degree whatever enter into this matter, both Henry R. Gibson and myself being Republicans of the strictest type. Of course I will bear the expense of the photographing.

I am, sir, your obedient servant,

JNO. C. HOUK, M. C.

Hon. DANIEL S. LAMONT,
Secretary of War, Washington, D. C.

Letter presented in person and permission was verbally given and photograph made.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 23, 1893.

DEAR SIR: Henry R. Gibson enlisted in the military service of the United States, as he claims, on March 17, 1863, as a lieutenant on General Hooker's staff (or as a lieutenant on the general staff of the Army of the Potomac), and served two years and four months, and was honorably discharged or mustered out, by reason of the close of the war, as a soldier or lieutenant and brevet captain, August 4, 1865, his honorable discharge or muster out having been signed by Col. S. M. Bowman, late of the Eighty-fourth Pennsylvania Volunteers, and at one time in command of the Department of Delaware.

It seems when Mr. Gibson was placed on the staff of Gen. Joe Hooker, or on the general staff of the Army of the Potomac, as he claims, the authorities, instead of giving him a regular commission, gave him only an original memorandum appointment, which it appears he has lost or is unable to produce.

It also appears that Mr. Gibson has lost or is unable to produce his honorable discharge or muster out.

In view of the above facts I, therefore, most respectfully request and urge—

First. That you cause to be issued to the said Gibson a duplicate copy, certified of the commission, or original memorandum appointment, which he claims he received when he became a lieutenant on Hooker's staff, on March 18, 1863.

Second. That you cause to be issued to the said Gibson a duplicate copy, certified, of the honorable discharge or muster out as a lieutenant and brevet captain, which he claims to have received on August 4, 1865.

Third. That if there is no record in your Department of the commission or appointment and of the honorable discharge or muster out, you inform me whether under the law said Gibson will be allowed to establish his claims before your Department, and if so, advise me what would be competent evidence.

Fourth. That if there is no record you advise me whether your Department will pass upon the genuineness or legality of the commission or appointment and of the honorable discharge or muster out should they be hereafter found and presented.

Please give me an early and full reply.

Very respectfully,

JNO. C. HOUK, M. C.

Hon. DANIEL S. LAMONT,
Secretary of War.

Subject: Case of Henry R. Gibson. [374205.]
RECORD AND PENSION OFFICE, WAR DEPARTMENT,
Washington City, September 30, 1893.

SIR: In reply to your letter of the 28th instant, received yesterday, requesting certain information relative to the case of Henry R. Gibson, who claims to have been a lieutenant on the staff of General Hooker (or on the general staff of the Army of the Potomac) during the late war, I am directed by the Secretary of War to inform you that no record has been found of the commission or original memorandum appointment which Mr. Gibson claims that he received when he became a lieutenant on General Hooker's staff on March 17, 1863, nor of the honorable discharge or muster out as a lieutenant and brevet captain which he claims to have received on August 4, 1865, and that, in the absence of any record of appointment, service and discharge, there is no provision of law under which he can establish his claim before this Department.

I am also directed to say that any question relating to the status of his appointment and discharge will be duly considered when those papers shall have been submitted to this Department.

Very respectfully,

F. C. AINSWORTH,
Colonel, U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK,
House of Representatives.

[The above means the War Department will pass upon Gibson's papers if he will present them.]

[This was written before it was learned that he presented an alleged copy of an alleged commission instead of presenting the original.]

KNOXVILLE, TENN., December 6, 1893.

DEAR SIR: A few days ago the commander in chief, J. G. B. Adams, of the Grand Army of the Republic, directed Frank Seaman, the department commander of the Tennessee Grand Army of the Republic, to appoint a court of inquiry to look into the military record of Henry R. Gibson who, in his application to the Ed Maynard Post of this city, stated that he was a lieutenant on Hooker's staff and was honorably discharged as a captain and commissary of subsistence, and into his eligibility for membership in the Grand Army of the Republic. Mr. Gibson produced before the court of inquiry an alleged memorandum commission as a lieutenant on Hooker's staff, which alleged commission was in Mr. Gibson's own handwriting. He also produced what he claimed to be a muster out signed by Col. S. M. Bowman, and dated in August, 1865. When his attention was called to the fact that Colonel Bowman left the military service three months before August, he stated on the witness stand that Colonel Bowman gave him the muster out with the date left blank and authorized him to fill in the date, which he, Gibson, did. There are evidences on the face of this alleged muster out of errors.

Referring again to the alleged commission I will state that Mr. Gibson said on the witness stand before the court, that General Hooker never saw the commission, etc. An effort was made to persuade Mr. Gibson to send these original papers to the commander in chief, in order that he might submit them to the War Depart-

ment, but Mr. Gibson would consent only that copies of these original papers should be sent to the Commander in Chief. If either the original or copies of the same are referred to your office I hope you will give them a close and most thorough scrutiny. I would respectfully suggest that in case only copies are submitted to the War Department that the Department request Mr. Gibson, through the commander in chief of the Grand Army of the Republic to submit his original papers. In the light of all the evidence which I have in my possession, and most of which is in the possession of the War Department, these papers must necessarily be either illegal, fraudulent, or forged. All I ask is a thorough investigation and the development of the truth. If there is any way to do it, Mr. Gibson should be forced to turn his original papers into the War Department.

Very respectfully,

JNO. C. HOUK, M. C.

Hon. DANIEL S. LAMONT,
Secretary of War, Washington, D. C.

[Same letter sent to Adjutant-General Ainsworth.]

GIBSON ONLY A COMMISSARY CLERK.

KNOXVILLE, TENN., June 23, 1893.

DEAR SIR: Please be kind enough to answer the following questions at as early a date as practicable:

First. Was Henry R. Gibson a captain and commissary of subsistence at any time during the late war of the rebellion?

Second. Were not all captains and commissaries of subsistence required to give bond?

Third. If Henry R. Gibson was a captain and commissary of subsistence, did he ever file a bond; and if so, who were his bondsmen?

Fourth. Were not all commissary officers during the late war of the rebellion required to give bond; and if so, did Henry R. Gibson ever file a bond as an officer of the subsistence department; and if he did, who were his bondsmen?

Fifth. Were the chief clerks and assistant clerks under Capt. A. P. Bilyeu, acting commissary of subsistence, during the late war of the rebellion, in Delaware and Maryland, required to give bond. If so, did Henry R. Gibson file a bond as either chief clerk or assistant clerk; and if so, who were on his bond?

This is an important letter, and I hope you will give it immediate consideration and attention; and if it ought to be referred to another official for answer, please refer it to the proper place and request early action.

Yours, truly,

JNO. C. HOUK, M. C.

Stamped: "Third Auditor's office, June 27, 1893. Mail room."
To the THIRD AUDITOR OF THE UNITED STATES TREASURY,
Washington, D. C.

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., June 23, 1893.

SIR: In reply to your inquiry of the 23d instant returned herewith, I have the honor to state that Henry R. Gibson was not at any time a captain and commissary of subsistence during the late war of the rebellion.

Captains and commissaries of subsistence were required to give official bond.

Henry R. Gibson has no official bond in the files of the Treasury Department as a captain and commissary of subsistence during the war of the rebellion.

Henry R. Gibson has no bond on file in the Treasury Department as an employee of the subsistence department. Neither the law nor Army Regulations required civilian employees of the Army to give bond. If Captain Bilyeu or any other officer required their employees to give bond it was a requirement of their own, and no report was made of the fact to the accounting officers.

I find that Henry R. Gibson was an "assistant clerk" in the office of Capt. A. P. Bilyeu, commissary of subsistence, from March 23 to 31, 1863, at \$50 per month; was a "clerk" from April 1 to June 30, 1863, at \$65 per month; and from July 1 to October 31, 1863, at \$75 per month, and from January 1, 1864, to July 2, 1865, he was the principal or chief clerk of Captain Bilyeu, at \$90 per month.

Respectfully yours,

G. W. SANDERLIN,
Acting Auditor.

Hon. JOHN C. HOUK, M. C.,
Knoxville, Tenn.

KNOXVILLE, TENN., July 7, 1893.

DEAR SIR: Henry R. Gibson served as a commissary clerk under Capt. A. P. Bilyeu, commissary of subsistence, volunteers, from March 23, 1863, to August 4, 1865. Is there any evidence in your office that Captain Bilyeu required Henry R. Gibson and other commissary clerks to give him a bond for the faithful performance of their duties, etc.? If Henry R. Gibson was required to give a bond, please state who were his bondsmen.

Yours, truly,

JNO. C. HOUK, M. C.

To the Honorable THIRD AUDITOR,
Washington, D. C.

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., July 15, 1893.

SIR: Replying to your letter of July 7, 1893, herewith returned, you are informed that an examination of the accounts of Capt. A. P. Bilyeu, assistant commissary of subsistence, for the years 1863 to 1866, on file in this office, fail to disclose any evidence whatever relative to any bond having been required by this officer from Henry R. Gibson, or any other clerk for the faithful performance of their duties.

Respectfully, yours,

SAMUEL BLACKWELL, Auditor.

J. B. D.

Hon. JOHN C. HOUK, M. C.,
Knoxville, Tenn.

KNOXVILLE, TENN., July 12, 1893.

DEAR SIR: On December 11, 1889, you stated in a letter to my father that the money accounts of Capt. A. P. Bilyeu on file in your office show him to have paid Henry R. Gibson for service in the subsistence department as assistant clerk from March 23 to 31, 1863, at \$50 per month; as clerk from April 1 to June 30, 1863, at \$65 per month; from July 1 to December 31, 1863, at \$75 per month, and from January 1, 1864, to July 2, 1865, at \$90 per month. In the same letter you also state there is no record of his having served in any capacity except as designated, and that his name is borne upon the rolls of citizens employed and upon separate vouchers, always appearing as an employee of the subsistence department.

On November 12, 1880, the Adjutant-General in giving the military service of Aaron P. Bilyeu stated that he was appointed captain and commissary of subsistence of volunteers, September 24, 1862; that he was on duty in the defenses of Washington from September, 1862 to March, 1863; in charge of beef cattle for the Army of the Potomac at Aquia Creek, Va., to May, 1863; at Alexandria, Va.,

engaged in forwarding beef cattle to the Army of the Potomac to August, 1863; on commissary duty at Alexandria, Va., to December, 1863; at Benedict, Md., to March, 1864; at Baltimore, Md., to September, 1864; at Wilmington, Del., as commissary of subsistence of the District of Delaware to July 2, 1865, from which date his resignation was accepted, he having failed to pass an examination before a board convened for the examination of officers of the subsistence department, under the act of Congress approved June 25, 1864, which directed the discharge of officers of the supply and disbursing departments who failed to pass such examination. On January 23, 1863, the Acting Secretary of War said that the military operations, including the battle of Fredericksburg, Va., dated from December 11 to 15, 1862; the battle of Chancellorsville from May 1 to 5, 1863, and the battle of Gettysburg from July 1 to 3, 1863, and that the battle of the Monocacy was fought July 9, 1864.

There seems to be no doubt whatever that Henry R. Gibson was a commissary clerk under Captain A. P. Bilyeu from March 23, 1863, to August 4, 1865, or 2 years 3 months and 4 days. Gibson, in a letter he wrote to the War Department July 12, 1866, stated that he was a commissary clerk under Captain Bilyeu 2 years and 9 months. I desire to ask the following questions and to request that you answer them at the earliest date practicable after a thorough investigation:

First. Can your office show by the old books kept by Captain Bilyeu that Henry R. Gibson made or did not make entries in his own handwriting upon the same on either or all of the days upon which the above battles were fought?

Second. If you are not in possession of the old books used by Captain Bilyeu, have you any record, report, or documentary evidence that Henry R. Gibson was or was not present at his post of duty as a commissary clerk under Capt. A. P. Bilyeu on either or all of the days on which the above battles were fought?

Third. Is there any evidence of any character which shows that an actual battle took place at either of the points at which Capt. A. P. Bilyeu was stationed, according to his military record furnished by the Adjutant-General, during the time he was stationed at those points?

Please give me the benefit of any and all additional information you can furnish concerning the record of Henry R. Gibson as a commissary clerk, or as a commissary officer, or as any other kind of an officer of the Federal Army, and inform me whether there is any evidence on file in your office that the Secretary of War or any other official issued to Henry R. Gibson a commission as a commissary officer after July 12, 1866.

I have secured all the information it seems possible for me to obtain from each and every branch of the War Department. This is an important matter, and I hope you will be kind enough to direct that it be thoroughly investigated and promptly answered.

Yours, truly,

JNO. C. HOUK, M. C.

The THIRD AUDITOR OF THE TREASURY,
Washington, D. C.

Stamped: "Third Auditor's Office, July 15, 1893. Mail Room."

W. S. S. (L. B. S.)

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., July 20, 1893.

SIR: Replying to your letter of July 12, 1893, herewith returned, I have to inform you that there are no books of record kept by Capt. A. P. Bilyeu, acting commissary of subsistence on file in this office. That officer rendered money accounts and provision returns for the period from March 1, 1863, to July, 1865, and they are the only records on file in this office pertaining to his transactions in the subsistence department. A thorough examination of these papers fails to disclose any evidence whatever as to his having been engaged in any of the battles mentioned. The returns are the only authority by which this office can determine where this officer was stationed, and are dated as follows:

Aquia Creek, Va., from March to June, 1863.

Washington, D. C., in July, 1863.

Brookville, Md., in August, 1863.

Alexandria, Va., from September to December, 1863.

Camp Stanton, Benedict, Md., January and February, 1864.

Camp Birney, Baltimore, Md., March to August, 1864.

Wilmington, Del., from September, 1864, to July, 1865.

Henry R. Gibson was employed as a clerk by Captain Bilyeu during this period, but there is no evidence, documentary or otherwise, on file with the Captain's papers to indicate whether or not the said Gibson was present continuously. All monthly reports, etc., appear to be regular, and a majority of the papers being in his handwriting, it would seem to indicate that he was present and on duty with Captain Bilyeu at the different stations on the days which said battles were fought.

The records of this office do not show that Henry R. Gibson has rendered any accounts as an officer in the subsistence, quartermaster, or engineer's department.

Respectfully, yours,

SAMUEL BLACKWELL, Auditor.

Hon. JOHN C. HOUK, M. C.,
Knoxville, Tenn.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., August 21, 1893.

DEAR SIR: Herewith I hand you the affidavit which you state is necessary under the law in order to secure photographic copies of certain vouchers and pay rolls of your Bureau upon which Henry R. Gibson was paid for services rendered as a civilian employee under Captain A. P. Bilyeu, acting commissary of subsistence, from March, 1863, to July, 1865.

In addition to the certified photographs I ask that you furnish me written copies of all vouchers for payments to Henry R. Gibson by Captain Bilyeu, and a statement in detail of the monthly payments made to Henry R. Gibson as a civilian employee in the commissary from the beginning of his service to the end, and advise me in whose handwriting each of the monthly vouchers and pay rolls upon which he was paid were written.

Also please inform me whether Henry R. Gibson was subject to dismissal as a commissary clerk at any time by and at the will of Capt. A. P. Bilyeu, under whom he was clerking, and whether Henry R. Gibson as a member of the staff of any officer of the United States Army was ever detailed for duty as a clerk under Capt. A. P. Bilyeu from March, 1863, to July or August, 1865. Also please advise me if the money paid Henry R. Gibson monthly was exclusively for services as a clerk.

By giving me a prompt and specific reply you will greatly oblige me.

I am, very truly, yours,

JNO. C. HOUK, M. C.

Hon. THIRD AUDITOR, UNITED STATES TREASURY,
Washington, D. C.

DISTRICT OF COLUMBIA, City of Washington:

On this 21st day of August, 1893, personally appeared before me JOHN C. HOUK, who makes oath as follows:

That he is a member of Congress from the second district of Tennessee, and lives at Knoxville, in that State; that he desires a photograph of the first and

last voucher and of the first and last pay roll on file in the office of the Third Auditor of the Treasury upon which Henry R. Gibson was paid for services rendered as a commissary clerk under Capt. A. P. Bilyeu, acting commissary of subsistence, between March, 1863, and July, 1865; that he desires said photograph to use in establishing the fact that Henry R. Gibson wrote a letter to the Secretary of War, under date of July 12, 1866, which is now on file in the War Department and which Henry R. Gibson, I am informed by reliable and responsible persons, denies that he wrote; that I am reliably informed Henry R. Gibson does not deny his handwrite now on file in the Third Auditor's office; that by establishing the genuineness of the War Department letter it is probable that the perpetration of a fraud against the Department can be prevented; that affiant knows of no other way he can secure a photograph of Henry R. Gibson's handwrite, which he acknowledges as his own, during the late rebellion, or the year following the war, except by the aid of the honorable Third Auditor; that said photograph is not desired for any other purpose except as stated and to show that Henry R. Gibson was a commissary clerk or civilian employee under Capt. A. P. Bilyeu between March, 1863, to July, 1865.

JOHN C. HOUK.

(Signed and sworn to before a notary.)

J. C. B.

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., August 25, 1893.

SIR: It affords me pleasure to hand you herewith an abstract of payments made by A. P. Bilyeu, late captain and commissary of subsistence, volunteers, to Henry R. Gibson for services rendered as clerk in his office, during the period from March 28, 1863, to July 2, 1865, inclusive; also copies of the vouchers on which the respective payments were made.

Four of the copies of vouchers are photographs.

Respectfully, yours,

SAMUEL BLACKWELL, Auditor.

Hon. J. C. HOUK,
House of Representatives, City.

J. C. B.

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., August 26, 1893.

SIR: Referring to your letter of the 21st instant, I find that in my letter yesterday I did not reply to all your inquiries; I therefore add the following to that reply, viz:

Commissary clerks during the war of the rebellion were subject to dismissal at any time by and at the will of the officer in whose employ they were. The papers on file in this office do not show that Henry R. Gibson, clerk in the office of A. P. Bilyeu, captain and commissary of subsistence, volunteers, was a member of the staff of any officer during said war; and I will add I have no knowledge of any staff officer having been detailed as a clerk in a captain's office.

All payments made by Captain Bilyeu to Mr. Gibson were for services rendered as a clerk in his office.

Respectfully, yours,

SAMUEL BLACKWELL, Auditor.

Mr. J. C. HOUK,
House of Representatives, City.HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 1, 1893.

DEAR SIR: You have in your office the twenty-seven original vouchers upon which Henry R. Gibson was paid for services as a civilian employee in the commissary, under Capt. A. P. Bilyeu, commissary of subsistence, United States Volunteers, between March, 1863, and July, 1865, both inclusive.

Please inform me in whose handwrite each and every one of these vouchers is filled out. An immediate answer will be appreciated.

I would also respectfully ask whether there is any kind of evidence on file in your office that Capt. A. P. Bilyeu was a drunken, jealous, quarrelsome, or unworthy official.

I am, sir, your obedient servant,

JNO. C. HOUK, M. C.

Honorable THIRD AUDITOR, UNITED STATES TREASURY,
Washington, D. C.

J. C. B.

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., September 1, 1893.

SIR: In reply to your request of even date for information in whose handwriting the twenty-seven vouchers in the accounts of A. P. Bilyeu, captain and commissary of subsistence, volunteers, for payments to Henry R. Gibson, for services as a clerk in his office from March 28, 1863, to July 2, 1865, are filled out, I have to state that the vouchers referred to are made out in the handwriting of Henry R. Gibson, excepting vouchers 4, first quarter, 1863; 4, July, 1863; and 1, April, 1864, respectively; which are in the handwriting of G. W. Bilyeu, a clerk in the same office.

In reply to your inquiry whether there is any evidence on file in this office showing that Capt. A. P. Bilyeu was a "drunken, jealous, quarrelsome or unworthy official," I have to state, this office has no evidence in its files tending to show anything derogatory to the character of Captain Bilyeu, as an officer of the Army or as a citizen.

Respectfully, yours,

SAMUEL BLACKWELL, Auditor.

Hon. JNO. C. HOUK,
House of Representatives, City.HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 26, 1893.

DEAR SIR: Henry R. Gibson claims to have been a soldier or officer in the Federal Army from March, 1863, to August, 1865. The records of the War Department show that he was never either a soldier or officer at any time during the rebellion. The records of the Third Auditor's Office show that he was a commissary clerk from March, 1863, to July, 1865. Mr. Gibson persists in claiming, however, that he was in the Army, in some capacity between the dates mentioned, but the only specific statement or claim as to the character of his service is that he entered the military service of the United States in March, 1863 (the 17th), as a lieutenant on General Hooker's staff, and that he was honorably discharged or mustered out as a lieutenant and brevet captain August 4, 1865. The only States he could possibly have enlisted from are Maryland, Delaware, and Pennsylvania. I have searched every branch of the War Department, and every branch of the Treasury Department, except yours, which might have a record of this man's alleged service, but I have never been able to find anything to indicate that he was either a soldier

or officer. I write this letter to ask whether the records of your office show that he was ever paid any bounty or pay of any kind for services as a soldier?

I am, very respectfully,

JNO. C. HOUK, M. C.

Honorable SECOND AUDITOR OF THE TREASURY,
Treasury Department, Washington, D. C.TREASURY DEPARTMENT, SECOND AUDITOR'S OFFICE,
Washington, D. C., September 27, 1893.

Respectfully returned to the Hon. JOHN C. HOUK, House of Representatives, With reply that the records of this office do not show the receipt of any claim in behalf of Henry R. Gibson. If, as stated, the records of the War Department show that he was never, either a soldier or officer, this office would have no jurisdiction in the matter. If he served as commissary clerk, it should be referred to the Hon. Third Auditor of the Treasury.

T. STROBO FARROW, Auditor.

Mr. Chairman, I now give various inquiries and answers concerning Col. S. M. Bowman, whose name Gibson has to his forged discharge.

Colonel Bowman became paralyzed and died in St. Louis at the age of 71 years, about the very time Gibson slipped into the G. A. R.

This leaves only two men alive mentioned in Gibson's famous letter of July 12, 1866, as having recommended him for captain and commissary of subsistence, volunteers (Captain Bilyeu in an asylum, and General Thomas), who states that he does not remember Henry R. Gibson.

(Government telegraph lines, connecting the House with all the Executive Departments and the Government Printing Office. For Government business only.)

(Dated) August 16, 1893.

To Hon. SECRETARY OF WAR:

I have just received the following telegram from Knoxville, Tenn.: "Grand Army whitewashed Gibson, who presented an appointment by (S. M.) Bowman as lieutenant on Hooker's staff. Gibson denied writing letter to the Secretary of War in 1866 asking for muster in and muster out."

Please wire me at once if Henry R. Gibson was a lieutenant on Hooker's staff, whether Colonel Bowman had a right to issue a commission to him as such, and whether his letter is still on file in the Adjutant-General's Office, in which he asked for a muster in and out after the war closed, and whether he has yet been mustered in or out of the United States Army.

Please answer quickly by wire.

JNO. C. HOUK, M. C.

House of Representatives, Washington, D. C.

(Government telegraph lines, connecting the House with all the Executive Departments and the Government Printing Office. For Government business only.)

(Dated) WAR DEPARTMENT, August 17, 1893.

Hon. JOHN C. HOUK, House of Representatives:

Colonel Bowman had no authority to commission Henry R. Gibson or any one else in the military force of the United States; there is no official evidence that Henry R. Gibson was a commissioned officer in the military service of the United States on Hooker's staff or elsewhere, and his letter of July 12, 1866, asking for a commission dating back to sixty-four and to be mustered out to date sixty-five, is still on file.

DANIEL S. LAMONT,
Secretary of War.

WASHINGTON, D. C., August 19, 1893.

DEAR SIR: Please answer the following questions at once by letter: First. Was Col. S. M. Bowman ever at any time authorized to issue an honorable discharge from the military service of the United States to Henry R. Gibson or any other person as a lieutenant and brevet captain, or as captain and commissary of subsistence, or as any other kind of an officer?

Second. If so, did he ever issue such a discharge to Henry R. Gibson?

Third. Was Col. S. M. Bowman ever authorized to issue a commission of any kind to Henry R. Gibson?

Fourth. If so, did he ever issue a commission of any kind to Henry R. Gibson? Fifth. Was Henry R. Gibson ever commissioned as a lieutenant or any other kind of an officer upon General Hooker's staff and assigned to duty as such under Capt. A. P. Bilyeu, acting commissary of subsistence?

Sixth. Was Henry R. Gibson ever designated or commissioned as a member of the staff of any United States officer?

Seventh. Did Secretary Stanton ever issue an order honorably discharging Henry R. Gibson from, or mustering him in or out of, the military service, either as a private or officer?

By giving me an early answer to each of the above questions it will save me some inconvenience, as well as the Department. Please respond by mail, at the earliest moment practicable and oblige

Your obedient servant,

THOMAS SETTLE, M. C.

(Signed)

Hon. DANIEL S. LAMONT,
Secretary of War, Washington, D. C.

[Mr. Settle wrote this letter by request of JOHN C. HOUK.]

2833 D--A. C. P. 1893.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
Washington, August 27, 1893.

SIR: I have the honor to acknowledge the receipt of your letter of the 19th instant, and, by direction of the Secretary of War, to reply as follows to the seven questions submitted:

1 and 2. There is nothing of record to show that Col. S. M. Bowman was ever authorized to discharge Henry R. Gibson from the United States service as a commissioned officer of any grade, or that he ever issued such a discharge.

3 and 4. Colonel Bowman was never authorized to issue a commission of any kind to Mr. Gibson, and the records do not show that he ever issued any commission.

5 and 6. The records do not show that Henry R. Gibson was ever commissioned as an officer on General Hooker's staff—that he served as a commissioned officer under Capt. A. P. Bilyeu, or that he was ever designated or commissioned as a member of the staff of any officer.

7. There is nothing to show that the Secretary of War ever issued any order honorably discharging Henry R. Gibson from the military service.

Very respectfully,

Hon. THOMAS SETTLE,
House of Representatives, Washington, D. C.

R. WILLIAMS, Adjutant-General.

Blank No. 2.

(Government telegraph lines, connecting the House with all the Executive Departments and the Government Printing Office.—For Government business only.)

(Dated) AUGUST 23, 1893.

To Hon. DANIEL S. LAMONT, Secretary of War:

Please mail me a letter showing when Col. S. M. Bowman, Eighty-fourth Pennsylvania Volunteers, vacated his command of the District of Delaware, and showing what other department, if any, he ever commanded, giving dates, etc.

(Signed)

THOMAS SETTLE, M. C.,
House of Representatives, Washington, D. C.

[Mr. Settle wrote this letter by request of John C. Houk.]

R. J. W.

Subject: Case of S. M. Bowman.

WAR DEPARTMENT, RECORD AND PENSION OFFICE,
Washington City, August 24, 1893.

SIR: In reply to your telegram of yesterday, in which you request to be informed when Col. S. M. Bowman, late of the Eighty-fourth Pennsylvania Volunteers, vacated his command of the District of Delaware, and what other department he commanded, if any, I am directed by the Secretary of War to inform you that the records show that Colonel Bowman was relieved from duty as commanding officer of the District of Delaware by General Order, No. 55, Headquarters Middle Department, Eighth Army Corps, March 24, 1865.

No record has been found showing that he commanded any other department.

Very respectfully,

F. C. AINSWORTH,

Colonel, U. S. Army, Chief Record and Pension Office.

Hon. THOMAS SETTLE,
House of Representatives.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 2, 1893.

DEAR SIR: Please give me at as early date as practicable a statement of the military history of Col. S. M. Bowman, late colonel of the Eighty-fourth Pennsylvania Volunteers.

Very respectfully,

JNO. C. HOUK, M. C.

Hon. D. S. LAMONT,
Secretary of War, Washington, D. C.

Subject: Military record of Samuel M. Bowman.

WAR DEPARTMENT, RECORD AND PENSION OFFICE,
Washington City, September 6, 1893.

SIR: In reply to your letter of the 2d ultimo, received yesterday, requesting to be furnished with the military record of Col. S. M. Bowman, late of the Eighty-fourth Pennsylvania Volunteers, I am directed by the Secretary of War to inform you that the records of this office show that Samuel M. Bowman was mustered into service as major Fourth Illinois Cavalry, November 22, 1861. He is reported present on the rolls of the field and staff from muster in to February 28, 1862, and the next roll on file, dated June 30, 1862, reports him "Promoted to colonel of the Eighty-fourth Regiment of Pennsylvania Infantry, June 21, 1862." He was mustered out of service as major to date June 29, 1862, at Washington, D. C.

Samuel M. Bowman was mustered in as colonel Eighty-fourth Pennsylvania Volunteers June 21, 1862, at Washington, D. C., to serve three years, and is reported on the field and staff rolls of that regiment as follows: June 30, 1862, "Absent on special duty;" August 31, presence or absence not stated; October 31, "Present," and so reported to February 28, 1863; special muster roll dated April 10, 1863, "Present," with remark, "Commanding Second Brigade Third Corps, Army of the Potomac;" April 30, "Absent," with same remark; June 30, "Absent on military commission, Washington, D. C.," and so reported to December 31, 1863; February 29, 1864, "Absent as chief mustering and recruiting officer, colored troops, Md.," Special Orders No. 70, War Department, February 12, 1864, and so reported to October 31, 1864. He was mustered out of service as colonel, December 31, 1864, on individual muster-out roll, with remark as follows: "Mustered out in pursuance of Special Order 324, Headquarters Second Army Corps, December 31, 1864, authorizing the formation of the Eighty-fourth Pennsylvania Volunteers into a battalion of four companies." This muster out of service was suspended until further orders, by telegram from the office of the Adjutant-General of the Army, dated February 2, 1865. He continued in service in command of the district of Delaware and as chief mustering and recruiting officer for colored troops in the State of Maryland. He was relieved from duty as commanding officer of the district of Delaware by General Order No. 55, March 24, 1865, Middle Department, Eighth Army Corps, and was mustered out and honorably discharged from the service as colonel Eighty-fourth Pennsylvania Volunteers (consolidated with Fifty-seventh Pennsylvania Volunteers) to take effect May 15, 1865, on account of his services being no longer required.

S. M. Bowman, late major Fourth Illinois Cavalry, and colonel Eighty-fourth Pennsylvania Volunteers, was appointed brevet brigadier-general of volunteers, to rank from March 13, 1865, for "gallant and meritorious services during the war."

Very respectfully,

F. C. AINSWORTH,

Colonel U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK,
House of Representatives.

CERTIFICATE OF DEATH.

KANSAS CITY, MO., June 6, 1885.

I hereby certify that Gen. Samuel M. Bowman died on June 3, 1885, ward No. 4 Place of death, Sixteenth and Baltimore avenue.
Residence, Sixteenth and Baltimore avenue.
Civil condition, married.
Sex, male.
Color, white.
Age, 71 years.
Birthplace, United States.
Cause of death, paralysis.

I treated the case from June 1, 1885, to June 3, 1885. D. E. DICKERSON, M. D.,
office, northeast corner Fifth and Delaware,
E. Stine, undertaker, 804 Walnut street.
Place of interment, Elmwood Cemetery.

No. 513.

CERTIFICATE OF DEATH.

Filed June 6, 1885.

I, Arthur Chapman, clerk of the board of health of Kansas City, Mo., certify the within to be a correct copy of the certificate of death of Gen. Samuel M. Bowman, as the same appears of record in my office. In testimony whereof I have hereunto set my hand and affixed the seal of the board of health of Kansas City aforesaid, this 12th day of October, A. D. 1893.

[SEAL]

ARTHUR CHAPMAN,
Clerk of Board of Health.

AFFIDAVIT OF GEORGE W. BILYEU, WHO SERVED AS A CLERK UNDER HIS FATHER IN THE COMMISSARY WITH MR. GIBSON.

Mr. Chairman, I shall now read the affidavit of Mr. Gibson's fellow clerk, George W. Bilyeu, which in itself establishes, beyond doubt, that Mr. Gibson is a cold-blooded fraud. Mr. Bilyeu's trustworthiness is vouched for by the late Hon. Charles O'Neill, of Philadelphia, Senator M. S. Quay, and others.

Q. 1. What is your name, age, and occupation, and how long have you been so employed?

A. George W. Bilyeu; age, 52 years; occupation, a bookbinder; in Government service for past five years.

Q. 2. State whether you were in the military service of the United States during the war of the rebellion; and, if so, for how long and in what company and regiment?

A. I was in Company H, One hundred and twelfth Pennsylvania Volunteers (Second Heavy Artillery); enlisted 13th day of August, 1862; discharged 13th day of January, 1863, at Fort Lincoln, District of Columbia.

Q. 3. How and for what purpose did you said service terminate?

A. By Special Order, No. 19, War Department, to take position as a clerk in Commissary Department, under Capt. A. P. Bilyeu, commissary of subsistence, United States Volunteers.

Q. 4. Do you know Capt. A. P. Bilyeu, late commissary of subsistence?

A. I do. He is my father.

Q. 5. Where and in what manner were you occupied between March, 1863, and July, 1863?

A. Assistant or clerk in the commissary department under my father. I was a civilian employee.

Q. 6. State whether during said period you knew one Henry R. Gibson.

A. I did. Constantly and intimately.

Q. 7. When and under what circumstances did you first meet said Gibson?

A. In the month of March, 1863. He came into Captain Bilyeu's office where I was employed and I was introduced to him.

Q. 8. When you first saw said Gibson state what was his apparent financial condition and describe his physical peculiarities and appearance?

A. He looked financially embarrassed. He wore no uniform and did not appear to be a military man. He was a short, slight man, with thick black hair, and as I recollect he wore a mustache and goatee, and had large gray eyes, as I remember.

Q. 9. Did Gibson come to your father seeking work, or was he detailed to assist your father by the War Department or any branch thereof? By whom was he recommended and in what capacity was he employed by your father?

A. He came seeking work and never mentioned anything about the detail at any time. He was recommended by Col. Beckwith, a great friend of my father's. He was employed in the capacity of a civilian employee, and acted as a clerk.

Q. 10. If he had been detailed or ordered to assist your father by the War Department, state whether you would have known it.

A. I would undoubtedly have known it.

Q. 12. Did Gibson at any time during your services together ever claim to be or have been a Union soldier or officer?

A. He never claimed to have been such and am surprised to hear that he ever claimed to have been.

Q. 13. Did you ever see him receive his pay as a commissary clerk? If so, what was the amount thereof, and who paid him?

A. Yes, I have. I can't state as to the amounts from recollection. The vouchers themselves will show that. He was paid by Capt. A. P. Bilyeu or by his direction.

Q. 14. Please examine the photo letters and vouchers handed you and indicate in whose handwriting are the letters, etc., marked Exhibits B, C, D, E, and F.

A. The March, 1863, voucher of Exhibit B is in my handwriting. The August, 1864, voucher of Exhibit B, and July, 1865, voucher of Exhibit B, are in Henry R. Gibson's handwriting. The September, 1864, voucher of Exhibit C is also in Henry R. Gibson's handwriting. The letter of January 13, 1866, Exhibit D, and the letter of July 12, 1866, Exhibit E, are in H. R. Gibson's handwriting. The letter of August 8, 1868, Exhibit F, appears to be his also.

Q. 15. Is this letter of July 12, 1866 (Exhibit E) in the handwriting of the Henry R. Gibson who served with you between March, 1863, and July, 1865?

A. It is.

Q. 16. What history did said Gibson give of himself when you first met him, and did he then ever claim to have served as an officer or soldier in the Union army?

A. He said he was a Southern man. He never said anything whatever about having been an officer or soldier in the Union army. He claimed to be a refugee.

Q. 17. What opinion did you form as to his moral habits during said period?

A. His personal habits were good. He was a vain, peculiar, and distant man.

Q. 18. State whether your father was competent and faithful in administering his duties.

A. He was, undoubtedly. He was a man of great native ability; generous and warm-hearted. Of great application and will power, and thoroughly understood and performed his duties, and had the utmost confidence in his subordinates.

Q. 19. Suppose that the Henry R. Gibson you knew in the service had used the following language: "I never drew a disloyal breath, or uttered a disloyal word, or did a disloyal deed in my life," please state whether, from your association and conversation with said Gibson, during the period you and he were commissary clerks, you believed at that time, and believe now, that he was the enthusiastic patriot then that the above-quoted words would indicate.

A. I never, while with him, considered him to be a thoroughly loyal man. I kept my "weather eye" upon his patriotism.

Q. 20. If not, relate any pertinent incidents to the contrary.

A. He was always evasive when the subject of the rebellion was broached. He always evaded any conversation with regard to the South. He would say, "Oh! Well, we won't discuss that question." His aim seemed to be chiefly to draw his salary.

Q. 21. Did you believe that while serving with said Gibson as a commissary clerk, and do you believe now, that his real sympathies were in favor of the Union and against the Confederacy before and during the civil war?

A. No, I don't think his sympathies were with the Union. He was never offen-

sive in his remarks, and being a good clerk so as to merit the personal good will of Captain Bilyeu, he was retained as a clerk.

Q. 22. Are you a member of the Grand Army of the Republic in good standing? If so, of what post and department?

A. Yes, of Kit Carson Post No. 2, Department of the Potomac, Grand Army of the Republic.

Q. 23. Have you ever seen or received any communication from one Henry R. Gibson, of Knoxville, Tenn., or elsewhere, since you left the commissary service? If so, state fully when and under what circumstances, and the substance of any letter or letters, if any, that you have received from him.

A. Yes; I received a letter inquiring whether I was alive and my father was alive. This was about two months since (about July, 1893). He wrote to know whether a visit from him to my father would be agreeable and whether he (my father) would recall him. I answered him that my father was very old and feeble and would hardly recognize him. Gibson replied to my letter and said he would be in Washington some time and call on me.

Q. 24. Did the said Gibson, who wrote you from Knoxville, Tenn., in any of his said letters assert or admit his identity with the Henry R. Gibson who served with you as a commissary clerk as stated?

A. He said nothing in these letters about our associations as commissary clerks during the war, but the handwriting was the same, except that the lines were heavier in these letters. He wrote me from Knoxville some years ago in regard to some papers bearing on an investment we made together while we were commissary clerks.

Q. 25. Did or did not Henry R. Gibson, while he occupied a position as commissary clerk under your father, show by word or act that he appreciated the kindness of your father in giving him employment when he was in need?

A. Yes; he seemed to appreciate my father's friendship for him and to have high regard for him. Captain Bilyeu always treated him as a son.

Q. 26. Did your father have the authority to dispense with the services of Gibson, or any of his clerks, at his own discretion?

A. He did; most certainly.

Q. 27. Is your father living? If so, how old is he? What is his condition of health?

A. My father is living at the age of 83 years, and very feeble in body and in mind. Q. 28. Before and after your father became captain and commissary of subalternance, United States Volunteers, in what occupation was he engaged, and on what scale?

A. He was a contractor and builder on a very extensive scale in Philadelphia, Pa. Q. 29. What was your father's standing in Philadelphia as a business man, and socially, before and after the war, and what prominent individuals were his personal associates and friends?

A. My father stood very high with all financial institutions and his reputation was unimpeachable in our home in Philadelphia, Pa. Some of his intimate friends are W. W. Frasier, one of the largest sugar refiners; Henry Haines, conveyancer; Thomas Robbins, ex-President Philadelphia Bank (he is dead); Hon. Charles O'Neill, Member of Congress; Jacob Grim—all of Philadelphia, Pa. I could name hundreds of others of the same standing.

Q. 30. The pay roll of September, 1864, and the pay roll of July, 1865, show that Sylvester Y. Kerna, clerk; Gilbert Lowrie, herder; James Fletcher, laborer; William Bayard, laborer, and Henry Robinson, laborer, were employed in the commissary department under your father, with yourself and Henry R. Gibson. If these gentlemen are living, where do they now reside?

A. Kerna I know to be dead. He was an old schoolmate of mine. The only others of our party that I know to be living are Henry R. Gibson, of Knoxville, Tenn., and myself.

Q. 31. Please state the highest, lowest, and average number of persons employed in your father's commissary from March, 1863, to July, 1865?

A. The highest number was when he had charge of the beef cattle, then about 12 or 15; the lowest about 3, and the average about 5. The vouchers in the Treasury Department will show exactly.

Q. 32. Did yourself or Gibson, or any other clerks or employees, while serving with you in the commissary under your father from March, 1863, to July, 1865, participate as soldiers or officers of the Federal Army in either of the battles of Fredericksburg, Chancellorsville, the Monocacy, or the preliminary skirmishes of the Battle of Gettysburg?

A. None of these or in any others. The nearest we came to it was when we were stationed near Rockville, Md., when we were run from there almost to Baltimore by the news that General Mosby was on our trail. We then had about 5,500 beehives in charge, but we reached a place of safety without a scratch. On this stampede, which was a bloodless Bull Run, as it were, our losses and casualties consisted of cattle that were crowded off bridges and who run themselves to death on our retreat. The chief danger was from being trampled upon by the frightened cattle, aroused and driven frantically by terror-stricken herders. In the strategic maneuver indicated I was seeing that my father's orders were obeyed while Gibson was riding in an ambulance, safe from trampling hoofs and whistling balls (we never heard).

Q. 33. Did the employees in the commissary under your father, from March, 1863, to July, 1865, participate as soldiers or officers of the Federal Army in any battle or engagement with the Confederates?

A. None whatever. (See above.)

Q. 34. What are your politics?

A. Republican, but not an offensive partisan; at one time secretary of Republican club.

Q. 35. Have you any sons, and if so, where and by whom are they employed?

A. I have a son who is inspector in the custom-house at Philadelphia. He got his position through the Civil Service Commission's examinations.

Q. 36. Upon whose recommendation did you receive your present position?

A. Hon. Charles O'Neill, M. C., and Senator M. S. Quay and R. A. Dinwiddie, department commander, Grand Army of the Republic (Potomac).

Q. 37. Where have you resided? How and by whom have you been employed during each year since you left the commissary service in 1865?

A. In business for myself in Philadelphia, Pa., for eighteen years; was in Government Printing Office four years, then was in Philadelphia three years, and since then in Government service here.

Q. 38. Did Gibson ever show you during the war any poetry or articles written by himself before and during the war relating to controversies resulting in the civil war, and if so, what was the substance or purport of such poetry or articles.

A. Only some verses he had in pass book, written by himself, and to the best of my recollection they were not favorable to the Union.

Q. 39. What was Gibson's religious faith or belief as indicated by his conversations with you during your service together as commissary clerks?

A. An Episcopalian, I believe.

Q. 40. What are your relations with Henry R. Gibson, and have you any malice, prejudice, or grievance against him?

A. Our relations were cordial and friendly. I have no malice, prejudice, or grievance against him whatever.

Q. 41. Have you any knowledge as to whether Gibson, while a commissary clerk, ever applied on November 30, 1864, or at any other time, for a commission as an officer in the Commissary Department?

A. Never to my knowledge did I hear Gibson say anything in that connection. If he ever got it I never heard of it, and if my father had heard of it, as he undoubtedly would had Gibson applied, he would have told me, but he never did.

Q. 42. Had he done so, were his relations with your father such as that he would have sought your father's indorsement and influence in procuring the same? Would your father have aided him in that direction?

A. He (Gibson) would, I have no doubt. My father would have willingly aided him if satisfied with his loyalty. He certainly was a most competent clerk, and my father fully regarded him as a son and called him "son."

Q. 43. Did you and Gibson leave the commissary service about the same time, and did you both, or either of you, receive an honorable discharge as soldiers employed in the Commissary Department?

A. We were discharged about the same time. We got no papers except perhaps a recommendation. I did not receive any, and if Mr. Gibson got a letter of recommendation even I don't know it. We could not be discharged as soldiers for we were simply clerks, civilian employees.

Q. 44. What was the form and substance of any paper you received upon the termination of your service in the commissary department, and by whom was the same signed?

A. None were received, so far as I know.

Q. 45. Was Gibson mustered out of the commissary as a lieutenant and brevet captain, or at any other kind of an officer in July or August, 1865, or at any other time between March, 1863, and August, 1865? When and where did you last see Henry R. Gibson?

A. He was not, to my knowledge. The last time I recollect seeing him was some time in July, 1865.

Q. 46. Do you draw or have you applied for a pension, as an ex-Federal soldier? If so, state the number of your claim or certificate?

A. I am a pensioner; I don't recall the number of my certificate. I haven't it with me.

(Signed)

GEORGE W. BILYEU,
No. 15 L street NW., Washington, D. C.

In the presence of A. C. MacNulty, F. Neill Hughes.

DISTRICT OF COLUMBIA, County of Washington, ss:

On this 12th day of September, A. D. 1893, personally appeared before me, the undersigned authority, George W. Bilyeu, who in my presence subscribing to the foregoing interrogatories and responses, made solemn oath that his answers to the interrogatories were fully made known to and understood by him, and that they are the truth, the whole truth, and nothing but the truth. I further certify that the said George W. Bilyeu further deposes and acknowledges, that his signatures to pages 1, 2, 3, 4, and 5, dated and signed September 9, 1893, and to pages 6, 7, 8, and 9, dated and signed September 12, 1893, of the foregoing statement, and to Exhibits "B," "C," "D," "E," and "F," appertaining thereto, are genuine all and singular, and were and are of his own free act and deed.

Witness my hand and official seal this 12th day of September, A. D. 1893.

(Signed) WM. A. MACNULTY, Notary Public.

Description of the exhibits referred to in the foregoing affidavit:
Exhibit "B" consist of photographs of vouchers upon which Henry R. Gibson was paid as a commissary clerk at Aquia Creek, Va., March 31, 1863, \$6.66; and at Camp Birney, Md., August 31, 1864, \$60; and at Wilmington, Del., July, 1865, \$11.81; which exhibit is signed by George W. Bilyeu, and witnessed by F. Neill Hughes and A. C. MacNulty.

Exhibit C consists of a photograph of a voucher upon which Henry R. Gibson was paid for services as civilian employee in the commissary, September 30, 1864, \$90, which exhibit is signed by George W. Bilyeu and witnessed by F. Neill Hughes and A. C. MacNulty.

Exhibit D consists of a photograph of a letter written by Henry R. Gibson from Knoxville, Tenn., January 13, 1866, to the Adjutant-General of the United States Army, which exhibit is signed by George W. Bilyeu and witnessed by F. Neill Hughes and A. C. MacNulty.

Exhibit E consists of a photograph of a letter written by Henry R. Gibson from Knoxville, Tenn., July 12, 1866, to Hon. E. M. Stanton, Secretary of War, signed by George W. Bilyeu and witnessed by F. Neill Hughes and A. C. MacNulty.

Exhibit F consists of a photograph of a letter written by Henry R. Gibson from Jackboro, Tenn., August 8, 1868, to Hon. L. C. Houk, Clinton, Tenn., which exhibit is signed by George W. Bilyeu and witnessed by F. Neill Hughes and A. C. MacNulty.

Exhibits B and C were duly certified to September 13, 1893, by the Third Auditor of the Treasury Department.

Exhibits D and E were duly certified to September 15, 1893, by the Assistant Adjutant-General, at the War Department.

We hereby certify that the foregoing are true copies of the originals before us, except that an abstract only of the exhibits referred to are above given.

A. C. MACNULTY,
F. NEILL HUGHES,

DISTRICT OF COLUMBIA, County of Washington, ss:

Sworn to and subscribed before me this 15th of September, A. D. 1893, and I hereby certify that the said affiants, and each of them, made solemn oath that the foregoing are true and accurate copies of the originals referred to.

(Signed)

WM. A. MACNULTY,
Notary Public.

R. E. T.

DEPARTMENT OF JUSTICE,
Washington, D. C., September 19, 1893.

SIR: In reply to your communication of the 16th instant I am directed by the Attorney-General to state for your information that according to the records of our department, William A. McNulty is a notary public in and for the District of Columbia, having been appointed by President Harrison on the 29th of March, 1890, for the term of five years.

Hon. JOHN C. HOUK,

House of Representatives, Washington, D. C.

FRANK A. BRANAGAN,
Appointment Clerk.

RECORD AND PENSION OFFICE, WAR DEPARTMENT,
Washington City, September 19, 1893.

SIR: In reply to your communication of the 16th instant, received to-day, in which you request to be furnished with a statement of the military history of Wm. A. McNulty, who served in Company A, Tenth New York Infantry and the Sixteenth Veteran Reserve Corps, I am directed by the Secretary of War to inform you that the records of this office show that Wm. A. McNulty was enrolled April 27, 1861, as a private in Company A, Tenth New York Infantry Volunteers, to serve two years; was appointed corporal July 28, 1861; sergeant April 1, 1862; first sergeant October 20, 1862; was wounded at the battle of Fredericksburg, Va., and was mustered out with the company May 6, 1863.

Under date of May 9, 1864, he was appointed second lieutenant in the Veteran Reserve Corps, accepted the appointment May 31, 1864, and was assigned to the Two hundred and seventeenth Company, First Battalion, Veteran Reserve Corps, subsequently Company I, Sixteenth Veteran Reserve Corps, and served honorably

therewith until January 1, 1863, when he was mustered out in accordance with orders from this Department by reason of his services being no longer required.
Very respectfully,

F. C. AINSWORTH,
Colonel, U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK,
House of Representatives.

Record of George W. Bilyeu, who was a clerk in the commissary with Gibson under his (Bilyeu's) father, and who swore that Gibson was never anything but a commissary clerk:

HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C., September 8, 1893.

SIR: Please give me at once or as soon as practicable, a full statement of the military history of George W. Bilyeu, formerly a member of the One hundred and twelfth Pennsylvania Volunteers; also a certified copy of the special order discharging him from the military service of the United States.

Very respectfully,
JNO. C. HOUK, M. C.

The Hon. SECRETARY OF WAR.

Subject: Case of George W. Bilyeu. (One inclosure.)
WAR DEPARTMENT, RECORD AND PENSION OFFICE,
Washington City, September 8, 1893.

SIR: In reply to your personal request of to-day, to be furnished with the military record of George W. Bilyeu, late a member of the One hundred and twelfth Pennsylvania Volunteers, and also with a copy of the order discharging him, I am directed by the Secretary of War to inform you that the records show that George W. Bilyeu, Company H, Second Pennsylvania Heavy Artillery (One hundred and twelfth Pennsylvania Infantry), was enrolled August 20, 1862, to serve three years.

He is reported on the rolls of the company as follows: October 31, 1863 (first upon which his name is borne), "present, clerk at regtl. q'r. mr. dept.;" December 31, 1863, "Absent, clerk in brig. com'y. dept.;" He was discharged January 13, 1863, by Special Orders, No. 10, paragraph 3, War Department, Adjutant-General's Office, January 13, 1863.

A copy of the order discharging this man is herewith inclosed, as requested.
Very respectfully,
F. C. AINSWORTH,
Colonel, U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK,
House of Representatives.

[Special Orders, No. 10.]
WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
Washington, January 13, 1863.

3. Private George W. Bilyeu, Company H, One hundred and twelfth Pennsylvania Volunteers, is hereby honorably discharged the service of the United States.

By order of the Secretary of War:
War Department, Adjutant-General's Office, September 8, 1893.
E. D. TOWNSEND,
Assistant Adjutant-General.
H. C. CORBIN,
Assistant Adjutant-General, Record and Pension Office.

Hon. JOHN C. HOUK,
House of Representatives.

To whom it may concern:

Know ye, That George Bilyeu, a private of Lieut. E. De C. Loud's Company, (H) Second Regiment of Artillery (One hundred and twelfth Pennsylvania Volunteers), who was enrolled on the 13th day of August, 1862, to serve three years, is hereby discharged from the service of the United States, this 13th day of January, 1863, at Fort Lincoln, D. C., by reason of Special Orders, No. 10, War Department, Adjutant-General's Office.

No objection to his being reenlisted is known to exist.
Said George Bilyeu was born in Philadelphia in the State of Pennsylvania, is 22 years of age, 5 feet 4 inches high, dark complexion, gray eyes, dark hair, and by occupation, when enrolled, a bookbinder.
Given at Fort Lincoln, D. C., this 13th day of January, 1863.

(Signed) A. A. GIBSON,
Colonel, One hundred and twelfth Pennsylvania Volunteers, Comdg.

*This sentence will be erased should there be anything in the conduct or physical condition of the soldier rendering him unfit for the Army.

TREASURY DEPARTMENT, OFFICE OF THE THIRD AUDITOR,
Washington, D. C., September 21, 1893.

SIR: Referring to your letter of the 16th instant, herewith returned, you are informed that Capt. Aaron P. Bilyeu, commissary of subsistence, United States Volunteers, paid George W. Bilyeu for services rendered as a civilian clerk in the subsistence Department, as follows:

	Per month.
As assistant clerk, January 1 to 31, 1863.....	\$40
As assistant clerk, February 1 to March 20, 1863.....	50
As clerk, March 21 to April 30, 1863.....	75
As chief clerk, May 1 to June, 1863.....	75
As assistant clerk, July 1 to September 30, 1863.....	65
As clerk, February 1 to September 30, 1864.....	75
As clerk, May 1 to July 2, 1865.....	65

Payments for this service appear to have been made at the end of each month.
Respectfully, yours,

SAM'L BLACKWELL, Auditor.

Hon. JOHN C. HOUK,
House of Representatives.

[As a clerk, Bilyeu was present when Gibson went in and out as a clerk.]
LETTERS TO AND FROM THE COMMISSARY-GENERAL—ALSO A LETTER FROM THE SECOND COMPTROLLER.

Mr. Chairman, these letters to and from the Commissary-General and the Second Comptroller explain themselves:

KNOXVILLE, TENN., June 23, 1893.

DEAR SIR: Please be kind enough to answer the following questions at as early a date as practicable:
First. Was Henry R. Gibson a captain and commissary of subsistence at any time during the late war of the rebellion?

Second. Were not all captains and commissaries of subsistence required to give bond?

Third. If Henry R. Gibson was a captain and commissary of subsistence, did he ever file a bond, and if so, who were his bondsmen?

Fourth. Were not all commissary officers during the war of the rebellion required to give bond, and if so, did Henry R. Gibson ever file a bond as an officer of the subsistence department, and if he did, who were his bondsmen?

Fifth. Were the chief clerks and assistant clerks under Capt. A. P. Bilyeu, acting commissary of subsistence, during the late war of the rebellion, in Delaware and Maryland, required to give bond. If so, did Henry R. Gibson file a bond as either chief clerk or assistant clerk, and if so, who were on his bond?

This is an important letter, and I hope you will give it immediate consideration and attention, and if it ought to be referred to another official for answer, please refer it to the proper place and request early action.

Yours truly,

JNO. C. HOUK, M. C.

To the COMMISSARY-GENERAL,
Washington, D. C.

Subject: Statement of service—Henry R. Gibson.

WAR DEPARTMENT,
OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington, D. C., June 23, 1893.

SIR: I have the honor to reply to your inquiries of 23d instant, in regard to Henry R. Gibson, as follows:

1. Henry R. Gibson was not a captain and commissary of subsistence at any time during the late war of the rebellion.

2. All captains and commissaries of subsistence were required to give bonds to the United States.

3. Henry R. Gibson, not being commissioned a captain and commissary of subsistence, did not file a bond as such.

4. All commissary officers commissioned during the war of the rebellion were required to give bond to the United States; but Henry R. Gibson, not being a commissioned officer, did not file a bond as an officer of the subsistence department.

5. It is not known at this office whether Capt. A. P. Bilyeu, commissary of subsistence, volunteers, required his chief clerks and assistant clerks, if any, to give bonds to him. Such classes of employees were not required by law or regulations to give bonds. It is not known whether Henry R. Gibson gave such a bond.

Respectfully, your obedient servant,

JOHN P. HAWKINS,
Commissary-General of Subsistence.

Hon. JNO. C. HOUK, M. C.,
Knoxville, Tenn.

KNOXVILLE, TENN., July 5, 1893.

DEAR SIR: The following is the military record, as furnished by the Adjutant-General, of Capt. A. P. Bilyeu: "He was on duty in the defenses of Washington from September, 1862, to March, 1863; in charge of beef cattle for the Army of the Potomac, at Aquia Creek, Virginia, to May, 1863; at Alexandria, Va., engaged in forwarding beef cattle to the Army of the Potomac to August, 1863; on commissary duty at Alexandria, Va., to December, 1863; at Benedict, Md., to March, 1864; at Baltimore, Md., to September, 1864, and at Wilmington, Del., to July, 1865."

The military operations, including the battle of Fredericksburg, Va., dated from December 11 to 15, 1862; the battle of Chancellorsville, Va., was fought from May 1 to 5, 1863; the battle of Gettysburg was fought from July 1 to 3, 1863; the battle of the Monocacy was fought July 9, 1864.

After a careful search I wish you would advise me whether the commissary clerks under Capt. A. P. Bilyeu, at the dates mentioned in this military record above given, participated as soldiers in either of these battles mentioned herein. If they did not participate in either of these battles as soldiers, did they in any other way? If so, how?

Yours truly,

JNO. C. HOUK, M. C.

The COMMISSARY-GENERAL,
Washington, D. C.

Subject: Statement of service.—Henry R. Gibson.

WAR DEPARTMENT,
OFFICE COMMISSARY-GENERAL OF SUBSISTENCE,
Washington, D. C., July 12, 1893.

SIR: Your letter of the 5th instant, requesting that after a careful search you may be advised whether the commissary clerks under Capt. A. P. Bilyeu, commissary of subsistence, volunteers, at the dates of battles mentioned by you, participated as soldiers in either of the battles mentioned, and, if they did not participate as soldiers in either, did they participate in any other way, and how, has been duly received. The list of battles mentioned by you were those of Fredericksburg, Va., fought December 11 to 15, 1862; Chancellorsville, Va., fought May 1 to 5, 1863; Gettysburg, Pa., fought July 1 to 3, 1863, and Monocacy, July 9, 1864.

In reply I beg to state that the records of this office contain no reference to any participation of the clerks of Captain Bilyeu in any of the battles mentioned.

Respectfully, your obedient servant,

JOHN P. HAWKINS,
Commissary-General of Subsistence.

Hon. JOHN C. HOUK, M. C.,
Knoxville, Tenn.

TREASURY DEPARTMENT, OFFICE OF THE SECOND COMPTROLLER,
Washington, D. C., July 5, 1893.

SIR: In response to your personal inquiry to-day I have the honor to state that upon examination this office is unable to find any bond filed by Henry R. Gibson, as commissary of subsistence from 1861 to 1865.

Very respectfully,

C. H. MANSUR, Second Comptroller.

Hon. JOHN C. HOUK,
Washington, D. C.

COLONEL BECKWITH DOES NOT REMEMBER MR. GIBSON.

Mr. Chairman, Mr. Gibson claimed that Colonel Beckwith recommended him for the position in the commissary, but the Colonel failed to remember it.

The attention of Congress is called to the following correspondence:

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 9, 1893.

DEAR SIR: Please be kind enough to give me a statement of the military history of Colonel Beckwith late chief commissary of subsistence during the rebellion.

I think he was on duty a part of the time, during the war, in Washington.
I am, very respectfully,

JNO. C. HOUK, M. C.

Col. F. C. AINSWORTH,
Chief of Record and Pension Division, War Department, City.

[Indorsement.]

ADJUTANT-GENERAL'S OFFICE, Washington, September 12, 1893.

Respectfully returned to Hon. JOHN C. HOUK, House of Representatives, with the request that the given name of the Colonel Beckwith herein referred to be furnished this office.

There were two officers named Beckwith, both of whom at one time held the rank of colonel; both served as chief commissary of subsistence during the rebellion, and both were on duty a part of the time in Washington.

Col. Amos Beckwith is now a colonel on the retired list of the Army. Col. Edward G. Beckwith, who afterwards was a major in the Second Artillery, was retired March 20, 1879, and died June 22, 1881.

R. WILLIAMS, Adjutant-General.

WASHINGTON, D. C., September 15, 1893.

Respectfully returned to the Adjutant-General with the information that it is the history of Col. Amos Beckwith I desire, and with request that this letter be returned to me with his answer.

JNO. C. HOUK, M. C.

[Third indorsement.]

ADJUTANT-GENERAL'S OFFICE, Washington, September 16, 1893.

Respectfully returned to Hon. JOHN C. HOUK, House of Representatives, as requested in the second indorsement, with the statement of the military services of Col. Amos Beckwith, United States Army, retired, and with postage stamps amounting to 75 cents, which appear to have been inadvertently inclosed with this paper.

J. O. GILMORE,
Assistant Adjutant-General.

Subject: Military history.

WAR DEPARTMENT, RECORD AND PENSION OFFICE,
Washington City, September 11, 1893.

SIR: In reply to your letter of the 9th instant, received to-day, requesting to be furnished with a statement of the military history of Colonel Beckwith, late chief commissary of subsistence during the rebellion, I am directed by the Secretary of War to inform you that your letter has been transmitted to the Adjutant-General of the Army, to whose office the subject pertains, the officer having been a member of the Regular Army.

The records of the permanent military establishment are in the custody of the Adjutant-General, while those of the volunteer forces are filed in the Record and Pension Office.

Very respectfully,

F. C. AINSWORTH,
Colonel, U. S. Army, Chief Record and Pension Office.

Hon. JOHN C. HOUK,
House of Representatives, Washington, D. C.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
Washington, September 16, 1893.

Statement of the military service of Amos Beckwith, of the United States Army, compiled from the records of this office:

Cadet at the United States Military Academy, July 1, 1846, to July 1, 1850, when appointed—

Brevet second lieutenant, First Artillery, July 1, 1850.

Second lieutenant, First Artillery, February 22, 1851.

First lieutenant, First Artillery, August 21, 1854.

Captain and commissary of subsistence, May 10, 1861.

Major and commissary of subsistence, September 29, 1861.

Colonel and additional aid-de-camp, January 1, 1862, to May 31, 1866.

Lieutenant-colonel and Assistant Commissary-General of Subsistence, June 23, 1874.

Colonel and Assistant Commissary-General of Subsistence, August 28, 1888.

SERVICE.

He received the brevet rank of lieutenant-colonel and colonel, September 1, 1864, for gallant and meritorious service in the Atlanta campaign; brigadier-general volunteers January 12, 1865, for faithful and meritorious service in the Subsistence Department during the war and brigadier-general and major-general, United States Army, for gallant and meritorious services in the campaign terminating in the surrender of the insurgent army under Gen. Joseph E. Johnston.

He joined his regiment October 30, 1850, and served with it in Florida to December, 1853; at Fort Monroe, Va., to September, 1854; at Fort McHenry, Md., to October 4, 1855; in Florida to December, 1855; on leave to April 4, 1856; with company at Fort Monroe, Va., to October, 1856; in Florida to September 14, 1859; at Fort Adams, R. I., to November 1, 1859; at Fort Leavenworth, Kans., to January, 1861, and at Washington, D. C., to May, 1861; depot commissary at Washington, D. C., to January 15, 1864; on tour of inspection in the southwestern departments to April, 1864; on staff of General Sherman, as chief commissary, division of the Mississippi, to July, 1865; on duty at St. Louis, Mo., as chief commissary Division of the Tennessee, to December, 1865; at New Orleans, La., purchasing depot and supervising commissary for the Gulf States to October, 1866; chief commissary, Department of the Gulf and of the Fifth Military district (Louisiana and Texas) to August, 1868; of the Department of Louisiana to May, 1870; as depot commissary of subsistence at New Orleans, La., to March 28, 1874; and also chief commissary of subsistence, Department of the Gulf, November 28, 1871, to March 28, 1874; on duty in office Commissary-General of Subsistence at Washington, D. C., to May 22, 1875, and as purchasing and depot commissary of subsistence at St. Louis, Mo., until retired, October 4, 1889.

J. C. GILMORE,
Assistant Adjutant-General.

Colonel Beckwith was on duty at Washington in March, 1863, when Gibson entered the commissary of Captain Bilyeu as a civilian employee, but Beckwith does not now remember Gibson.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 15, 1893.

MY DEAR SIR: Will you please advise me at an early date to what company and regiment of the Federal Army Henry R. Gibson belonged, or what military service he rendered in any capacity, either as a private or officer or otherwise.

It appears that he served as a civilian employee in the Federal commissary under Capt. A. P. Bilyeu, commissary of subsistence United States Volunteers, in Maryland, Virginia, and Delaware between March, 1863, and July, 1865, and that he was employed by Captain Bilyeu upon your recommendation.

Yours, very respectfully,

JNO. C. HOUK, M. C.

Col. AMOS BECKWITH, U. S. Army
(Care War Department),
Washington, D. C.

[Reply mailed at St. Louis, Mo.]

Respectfully returned.

I have no recollection of the man Gibson herein named.
This Captain Bilyeu lives about Philadelphia somewhere.

A. BECKWITH.

CHIEF OF HOOKER'S STAFF AND GEN. H. G. THOMAS.

Mr. Chairman, these letters to and from the chief of Hooker's staff, with whom Mr. Gibson claims to have served, and Gen. Henry G. Thomas, whom Mr. Gibson claims indorsed him for captain and commissary of subsistence, volunteers, explain themselves.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 8, 1893.

MY DEAR SIR: I understand that you were the chief of staff of Gen. Joseph Hooker during the war of the rebellion, and my purpose in addressing you is to ascertain whether you recall one Henry R. Gibson, who claims to have served on General Hooker's staff prior to March, 1863.

Was a man by that name ever connected in any capacity with General Hooker's staff or his headquarters between the spring of 1862 and March 17, 1863, or at any other time?

I wish you would think this matter over carefully, and advise me fully in reply. Please state in your letter for how long you were with General Hooker as chief of staff; by so doing you will greatly oblige me.

Very respectfully,

JNO. C. HOUK, M. C.

Gen. JOS. DICKINSON,
United States Pension Bureau.

WASHINGTON, D. C., September 8, 1893.

DEAR SIR: In reply to your communication of this date, I would state that no such person as Henry R. Gibson ever served on the staff of General Hooker, during his service in the Army of the Potomac. I was his adjutant-general and chief of staff from August 22, 1861, until he was placed in command of the Army of the Potomac, in his different commands of brigade, division, corps and grand divisions, and remained as assistant adjutant-general on his staff until he was relieved from the command in June 1863, and if such an officer ever served thereon or with him, I certainly would remember it. I do not even recollect the name of such a person as serving in any capacity whatever about our headquarters at any time.

Very respectfully,

JOS. DICKINSON.

Hon. JOHN C. HOUK,
House of Representatives.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 8, 1893.

MY DEAR SIR: You have my sincere thanks for your kind, prompt, and specific reply to the letter which I addressed to you yesterday or the day before.

Henry R. Gibson claims to have an "original memorandum appointment," or commission as a lieutenant or some other kind of an officer on General Hooker's staff, and that he was detailed for duty as a commissary clerk under Capt. A. P. Bilyeu, commissary of subsistence, in March, 1863.

The records of the War Department, including a letter written by Gibson after the war had closed, show that he was never either an enlisted soldier or officer in the Federal Army.

The records of the Treasury Department show that he was a commissary clerk, or civilian employee, under Captain Bilyeu, above referred to, from March, 1863, to July, 1865.

Of course the War Department and the Treasury Department and myself are thoroughly satisfied, beyond any and all doubts whatever, that Gibson was never in the Army during the rebellion in any capacity, but I would like for you to explain to me what an "original memorandum appointment or commission" on a general's staff is, and whether such a thing was recognized by the military authorities during the war, and whether it is recognized by them to-day; also, whether it was ever customary during the war to detail members of General Hooker's staff, or of any other officer's staff, to do duty as a commissary clerk or civilian employee in the commissary; also, whether Henry R. Gibson could have been so detailed from General Hooker's staff during the time you were a member of it without you becoming acquainted with the fact.

Please give me an early reply and you will place me under personal obligations.

I am, very respectfully,

JNO. C. HOUK, M. C.

Gen. JOSEPH DICKINSON,
Pension Office, Washington, D. C.

WASHINGTON, D. C. September 12, 1893.

DEAR SIR: Your letter of the 9th inst., this moment received, and in reply would state that "Henry R. Gibson" is, I fear, playing upon your credulity and good nature. "An original memorandum, appointment, or commission" on a general's staff is to me an unknown quantity, or else my military education has been sadly neglected. As to it "ever being customary during the war to detail members of Hooker's staff, or of any other officer's staff, to do duty as a commissary clerk, or civilian employee," is simply absurd and out of the question; particularly so as to General Hooker, who required far different kind of service of his staff. Besides, the staff was made of sterner stuff and would not have submitted to such an indignity; while there were always plenty of bright, capable soldiers in the ranks ready and willing to jump at a detail for clerical or other light duty. As adjutant-general of a command it was my duty to make such details, and it

certainly is beyond my recollection ever to have made a detail of anyone to an officer (Capt. A. P. Bilyeu) of whom I have heard for the first time through the medium of your communication.

General officers did not make appointments of staff officers; they either had them detailed as acting from some organization in their, or others, command, or recommended them to and for appointment by the President of the United States.

Of one thing you may rest assured, my dear friend Houk, that no officer or member of General Hooker's staff was ever detailed therefrom during the time I was a member of it, without my becoming acquainted with the fact. I was chief of that staff in fact as well as name, and General Hooker was kind enough never to interfere in any way with my duties.

This is not the first claim of the kind that has been brought to my notice, but I have always succeeded in running them to earth.

For any further information please command me.

Yours, sincerely,

Hon. JOHN C. HOUK,
House of Representatives.

JOS. DICKINSON.

HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C., September 16, 1893.

DEAR SIR: Please be kind enough to furnish me with a full statement of the military history of Gen. Joseph Dickinson, who was chief of staff under Gen. Joseph Hooker, at the earliest date practicable.

Yours, very respectfully,

JNO. C. HOUK, M. C.

The ADJUTANT-GENERAL OF THE UNITED STATES ARMY,
Washington, D. C.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
Washington, D. C., September 23, 1893.

Statement of the military service of Joseph Dickinson, late of the United States Army, compiled from the records of this office:

He entered the service as first lieutenant and adjutant Twenty-sixth Pennsylvania Infantry, June 1, 1861; was appointed captain and assistant adjutant-general of volunteers August 22, 1861, and major and assistant adjutant-general of volunteers August 22, 1862. He served as lieutenant-colonel and assistant adjutant-general of volunteers from November 10, 1862, to November 1, 1863, under the act of July 17, 1862.

He received the brevets of lieutenant-colonel of volunteers, March 13, 1865, "for gallant and meritorious services at the battle of Williamsburg, Va., and Antietam, Md.," of colonel of volunteers, March 13, 1865, "for gallant and good conduct at the battle of Gettysburg, Pa.," and of brigadier-general of volunteers, March 13, 1865, "for gallant and meritorious services at the battle of Gettysburg, Pa."

He served with his regiment in the Army of the Potomac to August, 1861; was assistant adjutant-general of Hooker's brigade and division, Army of the Potomac, to March, 1862; of the same division in the Third Corps, Army of the Potomac, to was wounded at the battle of Fair Oaks, Va., June 1, 1862; September 7, 1862, and of the Third Corps, Army of Virginia, to September 17, 1862; absent with General Hooker and on leave to November 12, 1862; on duty as assistant adjutant-general of the Fifth Corps, Army of the Potomac, to November 16, 1862; of the Center Grand Division to January 26, 1863, and at headquarters Army of the Potomac to July 3, 1863, when wounded at the battle of Gettysburg, Pa.; was absent on account of wounds to January 26, 1864, when he resigned.

GEO. D. RUGGLES,
Assistant Adjutant-General.

HOUSE OF REPRESENTATIVES,
Washington, D. C., September 12, 1893.

MY DEAR SIR: Henry R. Gibson, of Maryland or South Carolina, served as a commissary clerk from March, 1863, to July, 1865, under Capt. A. P. Bilyeu, commissary of subsistence, United States volunteers. These facts are shown by the records of the War Department and of the Third Auditor's Office.

In a letter dated July 12, 1866, now on file in the Adjutant-General's Office, United States Army, Mr. Gibson says that "on the 30th of November, 1864, I applied for a commission as captain and commissary of subsistence, volunteers, said application being indorsed by Lieut. Col. Joseph G. Crane, chief commissary of subsistence, Eighth Army Corps," and others, including yourself. The records of the War Department show that no such application or recommendation was ever received, and these records further show that Mr. Gibson never received the commission indicated. All records in the War Department go to show that he was never a private soldier or officer in the Federal Army during the rebellion, and his own letter, written after the war had closed, now on file in the Adjutant-General's Office, and the archives of the Third Auditor's Office, all show conclusively that he was never anything during the rebellion except a civilian employee in the commissary, and that up to the date of the letter referred to, July 12, 1866, he had never received a military commission of any kind from the Government.

Gen. HENRY G. THOMAS (retired), Portland, Me.

Having made this statement, which is based solely upon the official records of the War and Treasury Departments, I desire to ask you after consideration to answer the following questions:

First. Did you indorse Mr. Gibson's application, and do you know whether he ever received the commission applied for?

Second. Do you know whether he ever served in the Federal Army during the war in any capacity whatever, either as private, or officer, or otherwise?

Third. Have you any knowledge of his having been an officer on Gen. Joe Hooker's staff, and detailed for clerical duty in the commissary?

Fourth. Have you any knowledge of his ever having been honorably discharged, and mustered out of the military service of the United States as a lieutenant and brevet captain or otherwise?

Fifth. Were you well acquainted with him during the war; and if so, what was he doing during your acquaintanceship?

By giving me a prompt and full reply you will confer a personal favor, which I will hold myself ready to return at the very first opportunity.

I am, very respectfully,

JNO. C. HOUK, M. C.

This letter sent also to Col. Joseph G. Crane, care War Department, and Lieut. Col. S. C. Benham, care War Department.

Respectfully returned to the Hon. John C. Houk, Member of Congress.

PORTLAND, ME., September 26, 1893.

First. I do not recall Mr. Gibson, and consequently have no personal recollections as called for in your first, second, fourth, and fifth questions.

As to the third, it is impossible that he could have been "an officer on Gen. Joe Hooker's staff, and detailed for clerical duty in the commissary."

No officer, United States Army or United States Volunteers, was ever degraded or allowed to degrade himself by performing clerical duty. Privates were so detailed, and occasionally a corporal or sergeant; never an officer. I recall Captain Bilyeu, and he of course had a citizen clerk. If I recommended him for an

officer it must have been from a conviction of his fitness and nothing else, he not being from my State, and I being entirely apart from any political consideration. Should judge he could never have been an officer. No man would, I trust, resign a commission to be an underling of one with a commission, unless dishonorably discharged.

If he sought a commission he could hardly have been an officer in service before. It is pretty certain Fighting Joe Hooker never had an officer on his staff who had a mere clerkship afterwards.

H. G. THOMAS,

Ret. Brig. Gen'l, U. S. A., late Brig. and Det. Gen'l, U. S. Vols.

WAR DEPARTMENT, ADJUTANT-GENERAL'S OFFICE,
Washington, D. C., September 19, 1893.

DEAR SIR: In reply to your letter of the 18th instant, I have the honor to inform you that Col. Joseph G. Crane and Spencer C. Benham, late commissaries of subsistence, United States Volunteers, are dead. The address of Maj. Henry G. Thomas, United States Army, late brigadier-general of volunteers, is Portland, Me.

Very respectfully,

GEO. D. RUGGLES,
Assistant Adjutant-General.

Hon. J. C. HOUK, M. C.,
House of Representatives.

[All the officers Gibson mentions in his letter of July 12, 1866, are dead except Bilyeu and Thomas. Bilyeu is in the insane asylum (feeble from old age), and we have a letter from Thomas.]

STATE ARCHIVES.

Mr. Chairman, the following papers relate exclusively to an investigation of the archives of the States of Maryland, New York, Delaware, Pennsylvania, and the private papers of Governor Fenton of New York.

Excepting the State of Virginia, it appears these are the only States Gibson was in during the war. Virginia had no Union State records to be investigated.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., August 24, 1893.

DEAR SIR: Please be kind enough to inform me by return mail whether the State of Pennsylvania, through its governor or other competent official, ever issued to Henry R. Gibson a commission as an officer of any kind in either State or United States military forces; and if so please send me by express, C. O. D., a certified copy of any such commission, appointment, or designation. If no such commission, appointment, or designation was made, please certify to such fact, and forward your certificate to me by express, C. O. D. also.

Give this immediate attention and very much oblige. Does the name of Henry R. Gibson appear anywhere in your records, and if so, in what way?

Very respectfully,

JNO. C. HOUK, M. C.

To the ADJUTANT-GENERAL,
State of Pennsylvania.

[Same letter sent to adjutant-general of New York, adjutant-general of Maryland, and adjutant-general of Delaware.]

STATE OF MARYLAND, ADJUTANT-GENERAL'S OFFICE,
Annapolis, August 30, 1893.

SIR: In the present shape of the military archives of this office it would be a difficult task to find the military record of Henry R. Gibson, as your letter of inquiry gives no date to work by. Was he white or black; officer or private; what company or regiment did he serve in; can you say when and where he enlisted; if all or part of the inquiries can be answered, it would materially aid in getting at his record.

Very respectfully, your obedient servant,

H. Y. KYD, DOUGLAS,
Adjutant-General.
Per DUVAL, Clerk.

Hon. JNO. C. HOUK.

STATE OF DELAWARE, ADJUTANT-GENERAL'S OFFICE,
Wilmington, Del., August 23, 1893.

DEAR SIR: Replying to your favor of the 21st, I have the honor to state that the records of this office is in an incomplete shape, having only from the First to the Sixth Regiment Infantry, First Cavalry Regiment, and First Battalion of Artillery. These, however, have been carefully looked over and the name of Henry R. Gibson does not appear as having a commission, appointment, or designation, either in State or United States military service, through the governor or otherwise.

I have the honor to be, very respectfully, your obedient servant,

GARRETT J. HARTH,
Adjutant-General.

JNO. C. HOUK, M. C.,
Washington, D. C.

STATE OF DELAWARE, ADJUTANT-GENERAL'S OFFICE,
Wilmington, Del., September 4, 1893.

DEAR SIR: Replying to your inquiry of August 24, would say that the name of Henry R. Gibson does not appear on the records of this office.

Very respectfully, your obedient servant,

GARRETT J. HARTH,
Adjutant-General.

Hon. JNO. C. HOUK.

GENERAL HEADQUARTERS, STATE OF NEW YORK,
ADJUTANT-GENERAL'S OFFICE,
BUREAU OF RECORDS OF THE WAR OF THE REBELLION,
Albany, August 31, 1893.

SIR: I have the honor to acknowledge receipt of yours of 24th instant requesting information as to whether a commission in the military force of this State was ever issued for Henry R. Gibson, and, by direction of the adjutant-general, to state in reply thereto, that the name has not been found in records of the militia, volunteer, or national guard forces of this State.

Very respectfully, your obedient servant,

FRED PHISTERER,
Assistant Adjutant-General.

Hon. JOHN C. HOUK,
House of Representatives, Washington, D. C.

COMMONWEALTH OF PENNSYLVANIA, ADJUTANT-GENERAL'S OFFICE,
Harrisburg, August 25, 1893.

SIR: Yours of 24th instant, relating to a commission having been issued to Henry R. Gibson, has been received and referred to the secretary of the commonwealth, as commissions are issued from his office.

Very respectfully,

W. W. GREENLAND,
Adjutant-General.

Hon. JOHN C. HOUK,
House of Representatives, Washington, D. C.

PENNSYLVANIA, OFFICE OF THE
SECRETARY OF THE COMMONWEALTH,
Harrisburg, August 28, 1893.

DEAR SIR: Your letter of the 24th instant to the adjutant-general has been referred to this office for answer. In reply I would say that the records of commissions in this office are by regiments and companies, and are not indexed by individual names. Can you give us any data to indicate where we should look for the name of "Henry R. Gibson?"

Was he a soldier in the war of the rebellion; what regiment and arm of the service was he in?

We will be glad to furnish you the information you ask if you can give us the necessary data to guide us.

Yours truly,

WM. F. HARRITY,
Secretary of the Commonwealth.
Per H.

Hon. JNO. C. HOUK, M. C.,
Washington, D. C.

Same letter sent to adjutant-general of New York, adjutant-general of Maryland, and adjutant-general of Delaware.

HOUSE OF REPRESENTATIVES,
Washington, D. C., September 3, 1893.

MY DEAR SIR: You have my thanks for your recent kind reply. I desire to trouble you with one more letter.

The War Department records show that Henry R. Gibson was never a private soldier or officer at any time during the rebellion.

The Treasury Department records show that he was a commissary clerk or civilian employee under Capt. A. P. Bilyeu, commissary of subsistence, volunteers, from March, 1863, to July, 1865, and was stationed all the time either in Maryland, Delaware, or Virginia.

Gibson claims that he was enlisted in March, 1863, in the military service of the United States as a lieutenant and aide-de-camp on the staff of Gen. Joe Hooker, and was detailed for clerical duty under Capt. A. P. Bilyeu, above referred to, and that he was honorably discharged by Col. S. M. Bowman (of the Eighty-fourth Pennsylvania Volunteers, and for a short time commander of the Department of Delaware, from which command he was relieved by General Orders, No. 55, in March, 1865), as a lieutenant and brevet captain in July or August, 1865.

Gibson simply makes the above claims verbally and will not produce any written evidence to sustain them. This is all the data I am able to give you. Now, I wish you would be kind enough to search the records of your office thoroughly at once and notify me whether there is any evidence of any kind to show that your State, through any competent official, ever issued any kind of a commission, appointment, designation, or assignment to Henry R. Gibson (white), (but the commissary in which he clerked from March, 1863, to July, 1865, supplied rations to colored troops from January, 1864, to about March, 1865), in either State or national forces as an officer; and whether he was ever, by any competent State officer, enlisted or mustered in or mustered out or honorably discharged from either your State or the national forces, at any time during the rebellion, as a private soldier. Please give me a careful, direct, full, and specific reply at the earliest date practicable, and greatly oblige me. By so doing you will place me under special personal obligations.

I am, sir, very respectfully,

JNO. C. HOUK, M. C.

Hon. W. W. GREENLAND,
Adjutant-General, Harrisburg, Pa.

HEADQUARTERS NATIONAL GUARD OF PENNSYLVANIA,
ADJUTANT-GENERAL'S OFFICE,
Harrisburg, Pa., September 5, 1893.

Respectfully returned to Hon. JNO. C. HOUK, House of Representatives, Washington, D. C.

There are no records on file in this office showing that Henry R. Gibson was ever an officer from this State. From the within it appears that he was not an officer. The records of this office are kept as to company and regiment and in order to get the service record of an enlisted man it is necessary to know his company and regiment as a guide to the search.

If Gibson was mustered out of service by Col. S. M. Bowman, the colonel only acted as mustering officer, as Gibson's name does not appear on the records of the Eighty-fourth Regiment.

GEORGE C. KELLY,
Chief clerk for W. W. GREENLAND,
Adjutant-General.

STATE OF MARYLAND, ADJUTANT-GENERAL'S OFFICE,
Annapolis, September 6, 1893.

DEAR SIR: I have the honor to report, in answer to your letter of inquiry in regard to the military record of Henry R. Gibson, that his name is not recorded on either the rolls of commissioned officers or of enlisted soldiers of the late war.

Very respectfully, your obedient servant,

HY. KYD. DOUGLAS,
"D." Adjutant-General.

Hon. JNO. C. HOUK, M. C.

STATE OF DELAWARE, ADJUTANT-GENERAL'S OFFICE,
Wilmington, Del., September 8, 1893.

DEAR SIR: Replying to your favor of the 3d instant, I have the honor to say that after a most careful and thorough search of the records of this office we find that the name of Henry R. Gibson fails to appear in any manner or form, but as previously stated, our records are not complete. Any further service this office can be to you, kindly command me.

I am, sir, very respectfully, yours,

GARRETT J. HARTT,
Adjutant-General.

Hon. JNO. C. HOUK, M. C.,
Washington, D. C.

GENERAL HEADQUARTERS, STATE OF NEW YORK,
ADJUTANT-GENERAL'S OFFICE,
Albany, September 8, 1893.

SIR: I am directed by the adjutant-general to acknowledge receipt of your communication of the 3d instant, and in reply to state that there is no evidence of any kind in this office that this State, through any competent official, ever issued any kind of a commission, appointment, designation, or assignment to one Henry R. Gibson, in the forces of this State, militia or volunteers; nor does it appear that he was enlisted or mustered in the service of this State, or the United States as of this State, at any time during the rebellion as a private soldier; nor is there any record of his discharge from the service.

Very respectfully, your obedient servant,

FRED PHISTERER,
Assistant Adjutant-General.

Hon. JOHN C. HOUK, M. C.,
Washington, D. C.

HOUSE OF REPRESENTATIVES UNITED STATES,
Washington, D. C., September 16, 1893.

DEAR SIR: Please advise me at an early date whether Henry R. Gibson was ever enlisted as a soldier, or mustered in as an officer, or served as a soldier or officer, or was ever honorably discharged as a soldier, or mustered out as an officer during the war of the rebellion, in and from either the Fifty-seventh, Eighty-fourth, or One hundred and twelfth Pennsylvania Volunteers.

I am, very respectfully,

JNO. C. HOUK, M. C.

The ADJUTANT-GENERAL OF PENNSYLVANIA,
Harrisburg, Pa.

HEADQUARTERS NATIONAL GUARD OF PENNSYLVANIA,
ADJUTANT-GENERAL'S OFFICE,
Harrisburg, Pa., September 18, 1893.

Respectfully returned to Hon. JNO. C. HOUK, M. C., Washington, D. C.
The name of Henry R. Gibson does not appear upon the records of the Fifty-seventh, Eighty-fourth, or One hundred and twelfth regiments, Pennsylvania Volunteers, now on file in this office.

W. W. GREENLAND,
Adjutant-General.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 20, 1893.

MY DEAR SIR: Judge Daniels, M. C., of New York, gives me your name as that of a gentleman who will answer this letter and will perhaps be able to give me the information desired.

Either in 1864, after November 30, or in the first half of the year 1865, it is alleged that an application for a commission as a captain and commissary of subsistence, signed by Henry R. Gibson, and accompanied by various recommendations, was forwarded by Governor Fenton to Hon. E. M. Stanton, then Secretary of War. The records of the War Department show that the application was never received, and that none of the recommendations were ever received except a formal and perfunctory one signed by R. E. Fenton. What I want to find is the application and the other recommendations referred to, and I would like for you to refer this letter to whoever is now in charge of Governor Fenton's old papers, and ascertain whether it is possible to discover the old papers that I am after.

Very respectfully,

JNO. C. HOUK, M. C.

ROBERT MARVIN, banker,
Jamestown, or Syracuse, N. Y.

THE FIRST NATIONAL BANK,
Jamestown, N. Y., October 3, 1893.

DEAR SIR: Yours of September 20 to Mr. Robert Marvin of this city, regarding papers of Henry R. Gibson in the hands of the late Governor Fenton at the time of his death reached me yesterday.

Do not find any papers connected with above case.

Yours, truly,

F. E. GIFFORD,
Executor R. E. Fenton Estate.

Hon. JNO. C. HOUK.

ALBANY, October 12, 1893.

MY DEAR SIR: Answering your favor of 10th instant, I regret I can give you no information concerning the papers in behalf of Henry R. Gibson.

Such applications made to the governor were usually referred to his military secretary, who, wanting any information relating to the applicant, would seek same in the adjutant-general's office, the papers, however, would be retained in the executive department and acted thereupon from that department. They could hardly be construed as official documents, as only the governor's influence was sought to benefit persons in positions outside the State service.

I will forward your letter to the private secretary of the governor and ask him if there is any evidence in the executive department of any action upon Mr. Gibson's papers, and subsequently advise you of his reply. Meanwhile

I am, very truly,

SELDEN E. MARVIN.

Hon. JOHN C. HOUK, M. C.,
Washington, D. C.

OCTOBER 16, 1893.

DEAR SIR: I think the inclosed letter from the private secretary of the governor is a reasonable explanation that the papers of Mr. Gibson were not filed, or any record made of them in the executive chamber. Governor Fenton probably sent all of the papers handed him on with his letter.

Very truly,

SELDEN E. MERVIN.

Hon J. C. HOUK.

STATE OF NEW YORK, EXECUTIVE CHAMBER, ALBANY,
October 14, 1893.

MY DEAR GENERAL: Your letter of the 12th instant is received. I have looked carefully through the books on file in the executive chamber which record the official acts of Governor Fenton during the time mentioned in the letter of your correspondent, but I have found no allusion to the matter about which he writes. It is probable that if Governor Fenton indorsed the application of Mr. Gibson, the indorsement was given in an informal way by letter, and if any copy of it was retained the same was probably carried away by Governor Fenton when he left the executive chamber. Only the official acts and communications of gov-

errors are preserved in the executive chamber, and such an indorsement would not probably be included as an official act.

Very respectfully, yours,

Gen. SELDEN E. MARVIN,
Albany, N. Y.

T. S. WILLIAMS.

HOUSE OF REPRESENTATIVES, UNITED STATES,
Washington, D. C., September 20, 1893.

MY DEAR SIR: I desire to call your special attention to the first sentence of the inclosed letter (true copy) written from Knoxville, Tenn., July 12, 1890, to the Secretary of War by Henry R. Gibson.

You will observe that Mr. Gibson alleges that he made application November 30, 1864, for a commission as captain and commissary of subsistence, Volunteers, said application being indorsed by several gentlemen whom he names and forwarded to Secretary Stanton by Governor Fenton, of New York. The Secretary of War recently certified that said application had never been received; he also certified that the only recommendation ever received was a formal one from Governor Fenton. I wish you would be kind enough to search the archives of your State, and advise me whether you can find the application referred to, and the recommendations said to have been signed by Bilyeu, Bowman, Crane, Benham, and Thomas, and if you can find the same, furnish me with certified copies of them by express, C. O. D. This is a very important matter to me, and I hope you will give it special attention and a thorough investigation. If you can not find the documents themselves, fully advise me of any record of them that you may find. If you can neither find the documents themselves, nor a record of them, please so certify.

I am, very truly yours,

JNO. C. HOUK, M. C.

THE ADJUTANT-GENERAL OF THE STATE OF NEW YORK.

General PHISTERER:

DEAR SIR: I hope that you will have a close research made, and answer very fully Mr. Houk's request. This is a matter of importance.

Yours truly,
(Signed)

AMOS J. CUMMINGS.

GENERAL HEADQUARTERS, STATE OF NEW YORK,
ADJUTANT-GENERAL'S OFFICE,
Albany, September 23, 1893.

SIR: I am directed by the adjutant-general to acknowledge receipt of your communication of the 20th instant, and in reply to state: The term of Governor Fenton commenced January 1, 1865. The book of letters received at this office from April, 1864, to June, 1865, does not show that any communication was received from Henry R. Gibson, A. P. Bilyeu, S. M. Bowman, Joseph G. Crane, S. C. Benham, and Henry G. Thomas. The book of letters sent for the same period does not show that a letter was written by the adjutant-general of the State to any of the parties named. There is no record of the letter written by Governor Fenton mentioned in your letter. Henry G. Thomas is at present a retired officer of the Army, and his address can be no doubt obtained from the Adjutant-General of the Army, if it should be of any value to you. A great many of the actions of the war governors of this State never passed through these headquarters and are not recorded here; in fact, the three governors referred to have, to a large extent, considered letters received and records of action taken by them as personal property, and taken the same with them at the expiration of their gubernatorial term.

I return the copy of a letter of Henry R. Gibson to the Secretary of War.

Very respectfully, your obedient servant,

FRED. PHISTERER,
Assistant Adjutant-General.

Hon. JOHN C. HOUK, M. C.,
Washington, D. C.

GIBSON "SUSTAINED."

Mr. Chairman, "what man of honor can now doubt that Judge Gibson was eligible to membership in the Grand Army?"

Thus spoke Mr. Gibson in the following article prepared by him and printed in his Knoxville Banner February 1, 1894, after his expulsion.

Those who want to behold this man's impudence, cunning, and moral turpitude in their purest form have only to listen to two articles, in the light of the proof I have presented. The statements signed by L. Hovey, William T. Mitchell and W. J. Ramage, embraced in one of the articles, were dictated by Mr. Gibson. The public can judge from the record whether those men have disgraced themselves or not.

Col. T. H. Reeves, a retired Army officer, who was president of the court of inquiry, was not foolish or base enough to allow himself to be prostituted in an effort to give a good character to a confessed and convicted fraud at the expense of the reputation of the Grand Army and himself.

This article is a jewel as a combination of misstatements of fact.

[From the Knoxville Banner.]

Faster and faster the truth comes to light. Blessed is the man who is in the right. Falsehood and trickery, fraud and deception may bedevil him for a time, but the bright sun of truth is shining above the clouds, and will yet pierce them, and drive them away.

This great truth is being manifested in Judge Gibson's case. The facts in reference to Seaman's falsification of the record are coming out one by one, and will soon be all known.

But the best illustration of the great truth, that the right will finally prevail, is shown by the fact that the opinions of the sworn judges of the court of inquiry are now known, and that if the court of inquiry had been allowed to render a decision in Judge Gibson's case, it would have been in his favor on every point.

The decision of the court of inquiry on Judge Gibson's case was eagerly looked for by hundreds of people, and they have been wondering all the time why that decision was not made. In some mysterious way Seaman found out that the court of inquiry, if allowed to make a decision, would decide in Gibson's favor; thereupon he brought it about that no decision should be made at all.

When, however, Commander Adams announced his monstrous decision against Judge Gibson, the secret got out that the court of inquiry was favorable to Gibson. On last Friday Mr. Luke Hovey, of No. 12 Market square, Knoxville, gave Gibson the following letter:

KNOXVILLE, TENN., January 26, 1894.

DEAR SIR: Having known you for nearly twenty years, I think it but justice to you to say that, as a member of the late court of inquiry in your case, had I been called upon to make a decision I would have decided that you were eligible to membership in the Grand Army of the Republic.

But even if I had been of the opinion that you were not eligible I would have been decidedly of the opinion that you practiced no fraud or deception on Ed Maynard Post, and were not guilty of any imposition; but that your dealing with the post had been honorable from the beginning to the end. There was absolutely no evidence whatever before the court that you practiced any fraud or deception.

L. HOVEY,
Past Commander Ed Maynard Post, No. 14,
and Member of the late Court of Inquiry.

Hon. HENRY R. GIBSON.

On receiving this letter, Judge Gibson sent it to William T. Mitchell, esq., of Greeneville, the other member of the court, with a request that he give his opinion in the case, and on the next day the letter was returned with the following addition:

GREENEVILLE, January 27, 1894.

DEAR SIR: I fully indorse the within, and desire to add my name to it.

WM. T. MITCHELL,
Junior Vice Commander, Dept. Tenn., G. A. R.,
and Member of the late Court of Inquiry.

Hon. HENRY R. GIBSON.

There were only three members of the court: Hovey, Mitchell, and Reeves. Reeves was president, and would have had no vote, unless Hovey and Mitchell differed. It will thus be seen that the opinion of Hovey and Mitchell would have been the opinion of the court.

Mr. W. J. Ramage, the recorder of the court of inquiry, and the official prosecutor in the case, was shown the foregoing decision of the judges, and he at once took up the paper containing their decision and wrote on it the following:

KNOXVILLE, TENN., January 31, 1894.

As recorder and prosecuting officer of the court of inquiry in the Gibson case, I make this statement. While there might be room for argument on the question of the eligibility of Henry R. Gibson to membership in the Grand Army of the Republic, there was absolutely no evidence to show that he had obtained his membership in Ed Maynard Post by fraud or deception.

WM. J. RAMAGE,
Past Com. Dept. Tenn., Ga. and Ala.,
Recorder of Court of Inquiry.

There were only three members of the court, Messrs. T. H. Reeves, Wm. T. Mitchell, and L. Hovey. Colonel Reeves was president, and as such would have had no vote unless Messrs. Hovey and Mitchell differed. It will thus be seen that the opinion of Messrs. Mitchell and Hovey would have been the opinion of the court, and have constituted its decision and adjudication. What Colonel Reeves' opinion was is not known, nor is it material, as his opinion would not have been necessary unless Messrs. Mitchell and Hovey disagreed.

But it will be observed that not only was the court of inquiry favorable to Judge Gibson, but that Mr. Wm. J. Ramage, the sworn prosecuting officer of the court, was clearly of opinion that Gibson was eligible to membership, and if not eligible that he obtained his membership without any fraud or deception.

What man of honor can now doubt that Judge Gibson was eligible to membership in the Grand Army? What man of honor will now say that Judge Gibson practiced any fraud or deception to get into the Grand Army? Didn't these two sworn judges see and hear all the proof, including the original papers? Didn't they hear arguments on both sides? And not only do the sworn judges say that Gibson was eligible and honorable; but the very officer, whose sworn duty it was to prosecute Gibson before the court, now comes forward like the honorable man he is, and says that the opinion of the judges is true, just and right, and that Gibson was eligible and honorable.

The failure of the court of inquiry to make any decision was no doubt looked upon by Commander Adams as a silent verdict of condemnation, as a refusal to sustain Gibson.

Seaman was in favor of the court rendering a decision, provided the court condemned Gibson, but decidedly opposed to the court saying anything in case the judges were in Gibson's favor. And when Seaman learned, or suspected, that the decision would be in favor of Judge Gibson, he managed to let the court know that no decision was expected or desired.

But now the opinion of the court is known, and every honest, just, and impartial man is called upon to say who knows best, two unprejudiced judges who saw Gossett and Gibson, who saw or heard all of their evidence, the originals and the copies, saw them, too, before Seaman got his crooked hands on them, or one man up North who saw only such papers as Seaman saw fit to send him.

And thus is Judge Gibson again sustained by his home people. He was first sustained by 53 members of his army post out of 54 and now he is sustained by the sworn judges of the court of inquiry to whom his case was referred.

Surely such verdicts as these in Gibson's favor ought to satisfy every honest man.

But you can't satisfy JOHN HOUK and his henchmen. Nothing will satisfy them but the deluge of Gibson votes that will fall upon him and his strikers on the day of the primary election.

And that deluge is sure to come.

The following article by Mr. Gibson is a companion of the one just read. It, like the first article, presents a fair sample of Mr. Gibson's method of "defense."

Everybody felt that there was some mystery about the action of the court of inquiry in Judge Gibson's case. A court always decides. What in the world is a court for, except to decide? But Hovey and Seaman arranged a nice little programme to this effect: If it shall turn out that the court is against Gibson, we will have the judges so to decide; but if it should turn out that the judges are in Gibson's favor, then we will notify them that no decision is wanted; and that all we want of them is to turn the papers over to Seaman; and then Seaman can doctor them so as to make out a bad case against Gibson, and send them to Massachusetts to Adams, and Adams will do the rest.

The scheme was to get the court to decide against Gibson, if possible; but if this couldn't be done, then to get Adams to decide against him anyway—even if it took forgery, bribery, and perjury, all combined, to have it done.

So, when Seaman found that the court was about to decide in Gibson's favor, he caused it to be made known to the court that no decision from it was required, and that all the court had to do was to turn the papers over to him.

What trickery; "Heads I win, tails you lose." Heads, Hovey wins; tails, Gibson loses. That was Seaman's programme, a programme begotten by Gossett and Hovey expressly for Seaman to carry out.

Was there ever before such trickery under the name and in the forms of justice? It was pretended that there was to be a fair and impartial trial. Judge Gibson was assured of this in advance. The members of the court never dreamed of anything else. Judge Gibson never even suspected anything else.

But when he goes before the court and proves himself eligible to membership in the Grand Army, and proves himself to be an honorable man, and when the court has heard or seen all the proof, and has heard argument on both sides and has made up its mind to decide in Judge Gibson's favor, presto! change. Seaman claps his hand on the mouth of the court and says he does not want any decision from them, not a single word; that all he wants them to do is to turn all the papers over to him, and to turn them over at once.

And thus Judge Gibson was tricked out of a decision in his favor. But that

decision had already been made in the hearts of the judges, and they have now made it known in writing, signed officially, as will be seen in another column.

And so justice has at last been done to Judge Gibson in this matter; and the trickery of Scamman and his coconspirators is exposed to the gaze of an indignant and outraged people.

Mr. Chairman, here is another shining example of Mr. Gibson's able "defense" of himself when expelled by the commander in chief because his commission and discharge are forgeries. The "53 to 1" falsehood and the "home-rule" cry are always placed in front by the foxy warrior.

If JOHN HOUK thinks the people of east Tennessee, with honest hearts and strong minds, can't see through his tricks, he will find himself badly mistaken, and the people's vote at the primary will be a stunner to him.

The place to settle all questions affecting us, or our people, is right here in east Tennessee, and not up in Massachusetts. The people of east Tennessee are abundantly well qualified to decide whether Judge Gibson was a fit man to belong to the Grand Army, and Judge Gibson left it to them, and by a vote of 53 to 1, they decided it in his favor. But JOHN HOUK was not satisfied with this east Tennessee vote; he wanted the vote of a man in Massachusetts, and of only one man at that.

Now, people of east Tennessee, do we need any guardian to act for us? Are we children or fools, so that we are not fit to act for ourselves, and must have a guardian? And, if we must have a guardian, must we go all the way to Massachusetts to get one? And, if we have to go all the way to Massachusetts, must we, after all, take the man JOHN HOUK names. If all these things be so, then are we all poor off indeed.

How the valleys will thunder, how the mountains will lighten, how the creeks and rivers will boom on the day of the primary, when the mighty hosts of east Tennessee freemen go marching to the polls to show JOHN HOUK that they don't need any guardian either from Massachusetts or Alabama, but are abundantly able to take care of themselves.

And now, Mr. Chairman, does not the history of this case, presented so fully and clearly in the copies from a Government record and other unquestioned evidence I have laid before the House, make plain the fact that the law I propose should be on the statute book? True, the individual who figures in this celebrated case did not attempt, at least it is not known that he attempted, to defraud the Government by the use of his forged military papers, yet it is indisputably shown that he used them to deceive his fellow-citizens, and by deceiving them foisted himself into various positions of honor and trust. In several instances he secured, by the aid of these papers, official place that properly belonged to honorable ex-soldiers—in fact soldiers disabled by wounds on the field of battle were pushed aside and out to make room for this military fraud. And by means of this bogus army record, the creation only of his fantastic brain, he has hoodwinked the electors of one of the most loyal—in the days of 1861-65—districts in the Union into sending him as their Representative on this floor in the next Congress.

In one sense his penmanship has served him well—it has helped him up the steep where his ambition pointed. Now that he is there, how will the true soldier, whether he wore the blue or the gray, with whom he comes in contact by reason of his official position, regard him? It seems to me that the soldier who prizes his service, either under the starry banner or the "bonnie blue flag" now folded away, would turn with scorn and contempt from a man who endeavored by fraud and forgery to enroll himself among soldiers with honorable records. And should this bogus "chief of Hooker's staff" attempt to throw dust in the eyes of a soldier by cunning explanation, let him be met with a demand that he show his "appointment" and "discharge" properly authenticated as genuine by the War Department.

All things are possible, and it may be that in the future there may be a case similar to this one. Should there be another individual found possessed of such fraudulent propensities, there should be a law ready to meet his case. The enactment of the law I propose will accomplish this end.

The Carlisle Bill.

SPEECH OF

HON. THOS. G. LAWSON,
OF GEORGIA,

IN THE HOUSE OF REPRESENTATIVES,

Friday, December 21, 1894.

On the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. LAWSON said:

Mr. SPEAKER: I did not have an opportunity to address the Committee of the Whole on the state of the Union when this bill was pending, and therefore avail myself of the leave granted to print my remarks in the RECORD. I enter upon the discussion of this measure with diffidence. While I have given much study to the subject of finance my conclusions have not reached that degree of conviction that gives assurance of their absolute correctness. I believe, however, that they are based on sound principles and are worthy of some consideration. It seems to me that the greater

part of the difficulties and complexities that are said to be connected with financial questions are mainly produced by the blunders of the politicians. If they had not implicated the Government in the matter, if banking and the regulation and control of finance had been relegated to business men, acting in obedience to the laws of trade and commerce, the currency, in my opinion, would have adjusted itself to the conditions, movements, and fluctuations of trade and commerce, and the anxiety and distress now prevailing in the country would not have occurred.

Some of the troubles come from the idea that the Government only can provide a currency for the people, and others come from the continuance of war measures which, though wise and skillfully adapted to the accomplishment of the purpose for which they were enacted, are wholly unsuited to these "piping times of peace." The great question now is how to engraft upon these war measures a system answerable to the needs of the present time without serious disturbance to the institutions and enterprises grown up under the present laws and so integrated with them that disaster and ruin might follow any unwise change. To accomplish this task is more difficult, perhaps, than the inauguration of a new scheme. The theorist could easily formulate a new plan of finance if there were a clear arena for its operation, but inasmuch as the security and repose of the vast interests of the country are involved in and likely to be affected by any change, the wisest statesman will shrink from the responsibility of suggesting any change at all. But a change for the better is imperatively demanded.

The wheels of industry are everywhere at a standstill, business of every kind is stricken with paralysis, thousands of people throughout the country are overtaken by irretrievable ruin, and there is a prevailing and well-founded conviction that these evils partly result from a vicious financial system. It behooves us, therefore, with great caution and conservatism, and in a spirit absolutely free from partisan bias and factional animosities, to examine the pending measure. It is said to have come from a high and responsible source, to be the conception of a statesman of commanding ability and exalted patriotism, in whose integrity and capacity the whole country confides, and whose official position, as Secretary of the Treasury, insures a wide acquaintance with the condition of our finances and with the defects of existing laws on the subject. The plan may therefore claim, at the threshold, a strong presumption in favor of its feasibility and sufficiency.

We find, however, that it is strenuously opposed by certain classes. One class insists that banks of issue ought to be suppressed, and that the Government alone ought to provide a paper currency for the people. The idea that it is the duty of the Government to provide a paper currency is an antiquated superstition, but it is entertained by so many people that it deserves attention in this discussion. Is the proposition true? When we search the Constitution we find the only delegation of power to Congress over the subject of creating money to be "to coin money and regulate the value thereof." We should not forget that no constitutional power can be exercised by Congress unless it is delegated, and that the power of Congress to legislate differs from legislative powers vested in the State legislatures, for the latter may, as a general rule, exercise all legislative powers that are not withheld or prohibited by the State constitutions.

This is an important distinction to keep in mind. We find in the Constitution no provision authorizing Congress to issue a paper currency. There is power given to borrow money; but no one would confound the right to borrow money with the power to create money. These terms have a well-known signification, and were thus used by the draftsmen of the Constitution. There is also a difference in substance as well as a difference in terms. An instrument issued for money borrowed is the evidence of a debt, while money is wealth or capital. All men understand that real money is made of the precious metals.

To coin metal is a well-understood process, but to speak of coining paper is a solecism. True, a majority of the Supreme Court of the United States at one time decided that the issue of legal-tender paper money by the Government was constitutional, but, with due respect for that august tribunal, I venture to express the opinion that it would not at this day reaffirm that decision. There was a plausible reason to justify the decision. The legal tenders were issued for the purpose of aiding the Government in carrying on the great war in which it was then engaged, and their issue was probably justified by the demands of an inexorable necessity, under whose supreme exactions oftentimes "might makes right." But a paper currency to be useful, and to justify the confidence of people in the use of it, must be convertible into coin on demand; it is not real money, but the representation of real money. It can have no standing in commerce unless it is converted into coin when coin is demanded for it. The agent which issues it, whether it be the Government or a corporation, must therefore be endowed with power to procure coin to protect its issues.

Coin may be procured by the Government in three methods, namely, by purchase, by borrowing, and by taxation. The three methods are resolvable into one, namely, taxation, as the Government has no other means to raise money with which to make purchases or to satisfy its creditors for money borrowed. But the power to tax, being capable of use as an engine of oppression, is limited to specified purposes. In the case of the United States it is limited to the raising of money to pay the debts and to provide for the common defense and general welfare. They may tax to provide an army and navy for the common defense and to pay for the support of their civil establishment, including their courts for the administration of justice, and to pay debts incurred on extraordinary occasions, or to supplement a deficient revenue. But there is absolutely nothing in the Constitution that would countenance the idea that the Government may levy taxes to supply people with the facilities for conducting their private business.

Such a proposition would be monstrous. There could in the nature of things be no limitation to the exercise of such power, except such as might exist in the will or discretion of the legislator. The protection of the citizen in the enjoyment of his property would be dismantled, and chaos would reign supreme, were any set of legislators invested with such unlimited power. It can not be conceived of that the fathers of the Republic, jealous of their liberties, and mindful of the arbitrary nature of the taxing power, even when guarded by the most stringent limitations, could have intended to delegate the right to exercise it without limit for any purpose. The Government, therefore, has no assets on which to issue a credit money.

If it is contended that the Government may issue irredeemable notes it ought to be explained how they are to be kept in circulation without depreciating. No government has ever been able to keep its paper issues at par without satisfactory provision for redemption. The Government of the United States, with all the wealth and patriotism of the people to back it, could not keep its legal tenders at par until provision was made for their redemption. Money is wealth, and no government can create wealth by the fiat of power. None but Deity can do that.

The right of the Government to issue paper currency is not only contrary to our scheme of constitutional government, but to the fundamental principles of liberty as well. Each citizen should enjoy the largest measure of liberty in the pursuit of happiness and in the management of his business that is compatible with the right of every other citizen to do the same. Subject to this restriction the Government should not do for him what he can do for himself, nor restrain him in anything that contributes to his improvement. Government is only the agent of its citizens to accomplish by their combined power what each could not accomplish singly. If, therefore, it aids one person it does it at the cost of one or more persons from whom it derives power to act, and is therefore unjust to them; or if it restrains one in the pursuit of legitimate business it is equally unjust in depriving him of his natural rights.

When our Government was created the right to issue a paper currency was recognized all over the world as a function of banking, a business in which citizens engaged for the promotion of their private fortunes, and for the extension of commerce. It was as much a private business as manufacturing or any other employment. Government sometimes engaged in it, not as a corporate entity on its own behalf, but as a partner in business with its citizens, and on equal terms with them. That was the character of our first national bank. Indeed, the right to supply people with money, outside of coining the precious metals, was never arrogated by governments until some centuries ago, when tyrants found it profitable to debase the current coin and to force it into circulation. Paper currency was always furnished by goldsmiths, bankers, and others.

When we consider the nature of money it becomes apparent that the Government can not supply it. Money is the product of man's labor. Indeed, it is stored up labor, either of the present or of past generations, and thus claims a personal and not a governmental origin. It attaches to the personality of the individual, because it is the offspring of his own exertions. It is earnings. If it had not arisen out of the necessities of barter and trade, and for the convenience of those who engage in them, it would never have existed at all. It depends now for its existence and diffusion on the same agencies. Individuals, laboring independently of each other throughout the world, each for the amelioration of his own condition without regard to the other, produce commodities for exchange with one another. As it is not always convenient to exchange one commodity for the other, they invent a medium of exchange just as they invent a medium of transportation.

As exchangeable commodities multiply a demand for the medium of exchange—money—increases. And thus we have the origin and the reason for the diffusion of money throughout the world. Governments had no agency in it until they became interlopers. The need of money and the invention of money spring from the subtle and complex relations of energy expended and

commodities produced, by men acting independently and separately the world over. At first money was something real, as the precious metals, cattle, etc., but as intelligence and civilization increased, credit money was invented and adopted as an instrument of superior utility. It also arose in response to the demands of business conducted by individuals, not by societies. Governments knew nothing of it until the genius of business men evolved it. They could not have created it because, as I have stated, it arose out of subtle influences and relations which no man could have foreseen or voluntarily brought to pass. Credit money is as much the product of human genius and industry as are the commodities of the farms and the factories, and to be most efficient, ought to be left in like manner to individual control, subject only to the police power of the Government.

To avail to its utmost limits credit money should be present wherever business of any kind is carried on, and ought to be responsive to the ebb and flow of business at all points, expanding as business expands and contracting as business contracts. Fluctuations in business occur not only at different times and places, but at different seasons at the same place, and currency can not completely and adequately perform its office unless it is subject to the same mutations; or, in other words, be subject to the law of supply and demand. It is physically impossible for currency issued by the Government from a central point, and at a remote distance, to perform its appropriate office. Assuming that a Government agent might be located in every community for the distribution of money, we encounter two difficulties:

1. The distributions must be by loans to the people, and no constitutional authority exists for the Government to make loans.
2. The agent would have no personal interest in the loan, as a banker would, no interest in adapting the loan to the demands of business, none in guarding against undue expansion and contraction, and none in determining the value of the securities; and no motive of self-interest, arising from the incentive of gain, to protect either the interests of the public or of the particular community. The latter motive, however, would exert a powerful and controlling influence upon the banker whose private fortune, to say nothing of profits, would be jeopardized by an unskillful and improvident issue of currency. It is he who, with keen vision, keeps constant watch upon the pulses of trade and commerce and upon the status of fiscal agencies, and whose experienced judgment discovers their relations and demands.

From these considerations it is obvious that a Government paper currency can not possess the quality of elasticity, so desirable in the volume of currency. Their expansion and contraction are mechanical rather than automatic, in conformity with the changing condition of trade. Indeed, they have no relation to trade; their volume is determined by other considerations, generally of a political instead of an industrial nature; the Government can not stand in the marts and at the gateways of trade to gauge its ebb and flow. There is ex necessitate rei an undue, or an untimely, contraction and expansion, not coincident with the rise and fall of business, for an enlargement of business without a corresponding expansion of the currency is equivalent to a contraction, and vice versa. The volume of business is the thermometer by which the demand for currency is gauged, and the volume of business may, on the same day, differ in every State in the Union; great activity and prosperity may characterize one section, while decline and paralysis may characterize another. How is it possible, then, for a definite and arbitrary amount of currency, such as Government issues must necessarily be, to answer the demand of trade?

The Government can only issue in payment of its debts, and can only retire the currency as it collects revenue, neither of which acts has any relation to trade whatsoever. The only sound and adequate method of meeting the requirements of business is to invest people who are engaged in it, and know its conditions in their own localities, to issue and retire the currency as each occasion may require. In that event an equal share of prosperity, so far as it depends on currency, will be vouchsafed to all. In seasons of great activity there will be no lack, and in seasons of depression there will be no redundancy. The prudent business man when he can make a profit will borrow from the bank, giving his own notes for the currency of the bank, and when unprofitable will return its currency to be redeemed in his own notes.

The issue of a paper currency, as I have observed, is a function peculiar to banking. It is credit, based upon the capital of a community, so focalized as to afford the largest measure of usefulness. It ought always to be based on capital that is capable of immediate conversion into real money. It is a refinement of civilization, dependent for its soundness and utility upon the intelligence and probity of the people who issue it, and is evolved by the genius of men constantly in search of better implements for the conduct of business, and for greater facilities and economy in its pursuit. As people become more enlightened they become more conversant with the value, utility, and adaptability of credit as a substitute for money. Unnecessary restrictions and

limitations upon its creation and use retard prosperity. And the right to issue it ought to be as free and unlimited as the capital of the people will allow. There are no unreasonable restrictions upon the use of bankers' checks, private checks, and bills of exchange, which are special forms of credit money, and hence their utility in carrying on the trade and commerce of the world is incalculable; it is thought that more than one-half the trade of this country is carried on through their agency.

They are implements exactly suited to the offices which they perform. They are perfect vehicles of trade so far as they go. Credit money is a banker's check of a more general character and of more comprehensive utility, inasmuch as it is designed to circulate without limitation while there is a vacuum for it. Bills of exchange, etc., have hitherto escaped the intermeddling, paternalistic, and fostering care of the politician, and hence enjoy a world-wide utility. And when the politicians learn that the people of this country are as wise as they are, and in many respects wiser; that they are capable of attending to their own business without their officious intervention; that they are abundantly able to utilize their own capital and credit in securing the best interests of the country; when the politicians learn these facts and are induced to give the people a chance, the business of the country will proclaim its emancipation from a noxious paternalism that has for many years embarrassed its free and enlightened progress.

Some people are opposed to banks of issue because they are corporate bodies. I confess that I do not know how to answer this objection. When I remember that all the great industries and enterprises of the world, namely, railroads, telegraphs, canals, mining, manufacturing, etc., are constructed and carried on by means of the combined wealth and intelligence of corporations, and that they could not otherwise exist, and when I know that the capital of private individuals, unincorporated, is unable to supply the paper currency needed in commerce, I fail to appreciate the force of this argument. It can not be contended that the pending measure creates monopolies, for the system of banks proposed are to be founded on a base so broad that all persons who can combine the requisite capital may engage in them. They are monopolies to no greater extent than the mercantile business and other vocations of the citizen.

The proposed modification of the national banking system commends this bill to my approval. That system is unscientific and defective, being founded on debt and not on capital. Their notes are sound and stable, but that is the only valuable attribute that they possess. But that feature, even, is not a necessity of the system. The enormous wealth and resources of the country uphold their credit independently of the system. If this were a poor and barren country, deeply involved in debt, a bond security would not sustain their soundness and stability. Banking currency should be sound, not by accident, but by force of the economic laws with whose conformity they are established. Banks ought to be founded on capital, not on debt, and one founded on the debt of the Government is no exception to the rule.

An economic law is not modified or annulled by the accident of the solvency of the debt. The national banks, I apprehend, were not designed to be a permanent system. The purpose to create a demand for Government bonds and to strengthen the Government credit during war was the paramount object of their creation. The issue of currency was a secondary consideration, as the country then had a better banking system, and one that the national banks could not supplant until it was stricken down by an unjustifiable tax upon its issues. Real money is coin, and a bank note is not good unless it is paid in coin on demand. They ought, therefore, to bear some relation to the substance in which they are paid and not to the debts of the country. What that relation shall be can only be determined by the demand for them, and by the intelligence, honesty, and business experience of those who issue them. That each dollar of currency should be backed by a dollar in coin is not necessary; indeed, such a currency would be altogether too costly and inadequate.

It is said that the Canadian banks carry about seven dollars in paper to one in coin, and that their currency is of the most efficient character, and that it is so entrenched in the confidence of the people that bank failures and panics do not occur. I believe that the intelligence and integrity of our people equal the Canadian standard. Give us a system of banks founded on capital, instead of debts, and we can rival the world. If it were proposed to issue currency upon all the debts of the people as a basis everyone would exclaim against the unwisdom of the policy. But what is the difference in principle? I admit that when founded on government debts, or on private debts, currency may be so limited and restricted and surrounded by such safeguards as to make it good. But when we seek to inaugurate a system designed to be permanent, that may supply the vital fluid of business and progress for generations, it ought to be founded upon principles derived from economic laws, and to not depend for efficiency and security upon strait-jacket legislation. National banks have fulfilled their purpose in relation to the Government credit, and beyond

giving us a sound currency they are a failure. Soundness is not the only (I doubt whether it is the chief) attribute of a good currency. If it is so sound that it cannot minister to the needs of business efficiently and adequately, its soundness is an infirmity. If to insure its soundness it must be so hampered with restrictions that it is deprived of flexible and elastic qualities to the extent that it becomes irresponsive to the movements of trade, it is not a good currency, whatever other attribute it may possess.

Isuppose that the most ardent friends of the national banks will not claim for their currency the quality of elasticity, except within very narrow limits. Its infirmity may be illustrated by an example: Upon \$100 of bonds they are authorized to issue 90 per cent of currency less 5 per cent thereof as a reserve, or \$85.50 in the aggregate. Bonds are offered for sale by the Secretary of the Treasury and they are bought and held at a premium for speculative purposes by a syndicate of bankers in New York. Say they are held at \$115 for \$100 of bonds, what effect will this have in Georgia, where we may suppose an association desires to establish a national bank? The association pays \$115,000 for \$100,000 of bonds, and receives on them when deposited in the Treasury \$85,500 of circulating notes. Georgia, where currency is scarce, parts by this process with \$29,500 of her currency in excess of what she receives, and contributes it to New York, where currency is redundant. The currency is contracted and the rate of interest is raised in Georgia, while by the same act the currency is expanded and the rate of interest is lowered in New York. Is there any flexibility or justice in a banking system that works out such results? Legitimate business is crippled for lack of currency in one State, and illegitimate speculation is stimulated by an unwholesome plethora of currency in another State. To confine people to such a system of banking is unjust and oppressive, and a stigma upon the intelligence and fair dealing of our statesmanship. It falls far short of the intelligent progress of the country on other lines.

The monopolistic character of the national banks thus becomes apparent. They enjoy privileges which it is impossible for many to possess themselves of without serious loss. The large capitalists of the money centers, where money is attracted by a constant speculative demand, own the bonds upon which the banks are based, and in consequence of their limited supply and high value they are unavailable for banking purposes to people in less fortunate communities. The large capitalists and bankers, therefore, have practically the entire control of the currency of the country, and manipulate it to suit their own selfish interests; if an expansion of the currency inures to their profit the banks issue a new supply, but if it is profitable for them to squeeze the market and capture a favorite line of securities by depressing the market, or to raise the rate of interest and discounts, the national banks can call in their currency and decline further loans. In either case the public interests are subordinated to the profit and loss of the bankers. An honest and intelligent people will not sustain such an unequal system when they reflect that the country must become great and prosperous, not by the enrichment of a certain class, but by the diffusion of prosperity among all.

The success of business depends almost as much upon the supply and elasticity of money as it does upon the munificent bounty of Providence; and when we place the control of the currency into a few hands, we had as well intrust them with the keys of Heaven, enabling them at will to shut out the sunshine and rain that generously enrich the whole earth. Were it proposed to invest a certain class (if such thing were possible) with the power to distribute the heat and showers that now dispense their blessings with universal and impartial munificence, the Anglo-Saxon courage would rise in revolt, yet such is the force of custom and such the habits engendered by long submission that people witness with unconcern, and many of them with approval, the existence of a monetary system that, in a different sphere, works an equivalent injustice and injury. There can be no favorites in a free government. "Equal rights to all and special privileges to none" is the motto of a free people.

There are other serious objections to the use of Government bonds as the basis of a banking system, but as I have elaborated these objections on a former occasion I will content myself with a simple and concise statement of them now.

1. Banks, to perpetuate their existence, will coerce the Government to issue bonds and unnecessarily increase the public debt.
2. Heavier taxes will be imposed to pay the interest on the debt.
3. The banks will ally themselves with all those who favor a wasteful and extravagant appropriation of the revenues, so as to continue the debt.
4. Their monopoly of the currency may enable them unduly to influence the legislative power.
5. So long as the Treasury notes are outstanding they will control the public Treasury.

The experience of other countries teaches that a better system of banking may be employed—one that does not rest upon the narrow basis of Government securities, but upon the wealth,

genius, and enterprise of the people. McLeod, in his valuable work on banking, informs us that the monopoly of the Bank of England, in periods of industrial depression, has worked incalculable injury. It could not furnish the necessary currency, and its monopoly of the business prevented from doing so all others who were able and inclined to furnish it. The history of the last panic in this country coincides with the history of the Bank of England in that the national banks, for want of elasticity, aggravated rather than healed the distress; and if the people had not had the courage to break away from the monopoly and, in defiance of law, issue clearing-house certificates and other devices to supplement their currency, no man can measure the financial disaster that would have overwhelmed the people.

Monopoly, therefore, is as pernicious to business as it is inimical to freedom. All sound banking must rest on the wealth and the business of the country. It can not but be so, because banking is the offspring of business—at once its child and its subservient agents. Banks of issue capitalize the credit issuing from wealth, and thereby increase many fold the utility of wealth. It is futile to contend that the Government, though it were Argus-eyed, could do this. It can not be everywhere with its fingers upon the pulses of trade. And it is equally futile to contend that banks should be denied authority to issue currency, lest they might expand and contract it to the detriment of the people. Under a banking system founded on wealth and business the banker could no more do so than he could prevent himself from revolving as the earth revolves. The expansion and contraction of the currency would depend on the combined will and cooperating agencies of every employment and of every human being capable of industrial activity.

Every business, every profession, and all the forces of industry and genius throughout the world would conspire in determining the requisite amount of currency, and the banker could only be the agent through whom the supply would come. His self-interest and the self-interest of all other people would harmonize and coalesce. Competition, also, under such a system would be free, and if one set of bankers, ignorant of their appropriate instrumentality in the caravans of commerce, should deny currency to the people, another set would arise at once and respond to the demand. Under a monopolistic system, such as we now have, it is possible for banks to expand and contract the currency irrespective of the demands of business, but we propose to supplant these with a system that is destitute of every element of monopoly. The banks of Scotland and Canada are said to perform their functions efficiently and adequately; they experience no undue expansion nor contraction, no failures and no panics. I would blush to confess that American citizens could not be trusted to conduct banking institutions with equal intelligence and honesty on the same principles.

The provision which the pending bill makes for the issue of currency is infinitely preferable to the national-bank system. It is free to all, and within the power of all who comply with its terms. If the bill becomes a law it will be as easy and inexpensive to establish a national bank in Georgia as in New York, and the citizens of the former State will occupy the same plane as the citizens of the latter State; no special privileges arising out of the law or its administration will be enjoyed by either. Experts tell us that the scheme will provide a sound, a stable, and an elastic currency, and our own examination of its provisions justifies the conclusion. These elements are all that are necessary in a good and sufficient currency. Viewed, therefore, from the standpoint of the people, the bill is all that could be reasonably desired. Looked at from the standpoint of the Treasury, the Secretary of the Treasury is satisfied with it.

It is his special duty to take care of the Treasury—his reputation depends on the wisdom and care with which he discharges that trust. He is a man of great ability and vast stores of information, with but few equals and no superiors in the United States, and if he, with his great responsibility and his unsurpassed knowledge of the situation, is satisfied that he can protect the Treasury under this bill, I shall not egotistically set up my judgment against his. The old aphorism that "fools rush in where angels fear to tread" shall not be applied to me. I am enamored with the impartiality of the scheme. All sections of the country may share equally in its benefits—an impossibility under the existing system. Currency may be distributed equally everywhere in response to, and in proportion to, the business needs.

Currency will not congest in the money centers, and communities remote therefrom will not be charged, as now, with the cost of transporting the currency they use, nor suffer, as now, from exorbitant interest charges. The system will emancipate our industries from the constriction inflicted by monopolistic money, and everywhere impart a new impetus to the industrial energies of the people. This feature in the bill is enough to cure all its infirmities, if it have them, and were every other feature grossly obnoxious to me, I would support it for the good there is in this one. By all means let banks everywhere be free to issue their

circulating notes, subject only to necessary regulations to insure their soundness, so that the people of every community may enjoy equal facilities of trade and commerce. The people will thank you for the boon, and it will inspire their love and confidence when they realize that while enjoying equal political privileges they are also made equal in business opportunities.

Some gentlemen quote Mr. Jefferson's writings in opposition to banks of issue, and argue therefrom that they are undemocratic institutions. No man yields greater fealty to the surpassing genius of Mr. Jefferson than I do. He believed in coin money, and perhaps we all do. If coin could do the business of the world no one probably would advocate the use of paper. Gentlemen who believe in the use of irredeemable Government paper money can not quote Mr. Jefferson in support of their vagaries, for if I remember correctly he only advocated, in times of war, the issue of a limited amount of Government paper, to be paid in a given time, and that provision should be made for a contemporaneous appropriation of certain revenues for their redemption. This is wholly unlike the Government money now contended for, namely, that it shall be an inconvertible legal-tender paper money. But be this as it may, in the first place the history of the world has demonstrated the unsoundness of such money, and in the second place Mr. Jefferson's imperial genius acquired wisdom from his environment and from the circumstances of the times in which he was a most conspicuous actor.

Prior to the American Revolution paper money issued by the Colonies was a legal tender, with no provision made for its convertibility on demand. The subtle intellect of Jefferson must have condemned such money, just as experience condemns it now. But had he lived until this day, and witnessed the meager trade and commerce of his time increased more than a hundredfold, and the rapid transportation by railroads and steamships, and the instantaneous transmission of intelligence by telephones and telegraphs, and had witnessed the progressive genius of the people, and the improved implements and refinements of trade and commerce which a paper currency furnishes, no man of this generation would more ardently or more powerfully cooperate in the extension and improvement of the paper currency. His was a progressive genius; passing events left their impress on his mind, and what was good in them he seized and appropriated. I would as soon believe that he would, if among us, condemn the construction of railroads and telegraph lines as that he would condemn the modern methods of banking. The refinements of credit as a factor in monetary science are of modern growth. And as Jefferson was far in advance of his contemporaries in his efforts to ameliorate the political condition of the people, there is strong reason to suppose that he would lead the van in financial reform.

The bill is also assailed because, as is alleged, it makes provision for national banks, and the shades of Jackson and Benton are conjured to rebuke it. In point of fact, the banks provided for are not national banks in any proper and substantial meaning of the term. The Government has no proprietary right in them, is not a stockholder nor guarantor, and need not be even a customer. The safety fund is of Government money, but it does not belong to the Government, and no more implicates the Government in the business and fortunes of the bank than if the fund were of gold and silver, which are another form of Government money. The Government retains supervision over them, not for the good of the banks, but for the good of its citizens; its attitude toward them is only that of a policeman. In no sense are they national banks, except in name; but, granting for the sake of the argument that they are, there is no sensible reason why a legislator who is bitterly opposed to national banks may not cooperate in an effort to modify and improve them for the relief of the people. If the evils of their existence can be diminished 50 per cent or even 5 per cent, it is worthy of patriotic effort. No sane physician ever hesitates to mollify a disease merely because he can not eradicate it.

It is also assailed because of its provisions in behalf of State banks of issue. If the bills of the national banks were not as they now are a legal tender when offered to other national banks, and were compelled to be sent home for redemption when not employed in legitimate trade, there would be, if this bill became a law, very little use for State banks, and very few if any would ever be established. State banks might be set up in some sections, where people could give real-estate mortgages only as security, but with the liberal plan of banking suggested there would scarcely be any use for a State bank in the event that the bills of the national banks could be forced to return home. I do not join in the hue and cry against State banks. I believe that they would be just as sound, and their management just as intelligent and honest as the national banks. I do not believe that the Federal Government can rightfully have anything to do with them, and I affirm that it is the right of every State to have them if it desires. I had the privilege of submitting my views upon State banks on the 26th day of May, 1894, when there was a motion pending in the House to repeal the 10 per cent tax on their issues, and shall therefore say but little concerning them now.

Unless the legal tender quality of the national-bank note is dispensed with the repeal of the tax on State-bank issues is very essential to the section in which I live. In that event the notes of the State banks will be more serviceable than national-bank notes. A national-bank note will circulate everywhere. There is no one directly interested in its movements except to keep it in circulation, and hence it will, by a sort of commercial gravitation, drift on the tide of speculation to the money centers where trade is enormous and speculation active and gigantic. Although payments may be made in checks the money must be accessible somewhere to protect the check. There is nothing to compel the notes to return home; other banks are bound to receive them; they collect in large amounts at the money centers. Money thus becomes redundant at these points, and can only be used at a low rate of interest, which tempts to speculation and the locking of it up in illegitimate dealing in future contracts; and there it remains to the injury of both its adopted and its native home.

Money is thus drawn from sections where it is not in continuous demand and use, and can not be wooed back without loss of express freight and the payment of a higher rate of interest than it is earning elsewhere. If no one was compelled to receive it it would return home for redemption and lie in the vaults of the issuing bank without cost to any one until the incoming harvest, or other business demands, invited its reissue. It would be expelled from the money centers, not for want of soundness, nor because tainted with distrust, but because its presence there would be an actual injury to the money and business that belong there. Its presence there produces redundancy, and cheapens the use of all other money, and hence bankers, ever mindful of their own interest and looking to the profitable use of their own issues, would send it home for redemption. When we who favor State banks of issue speak of a local currency this is what we mean, not a currency that will fail to go abroad because of its unsoundness or because it labors under suspicion, but a currency that offers no inducement to the hoarder, that no one is obliged to receive, that no bank will keep when it appears as a rival to its own issues upon its own arena, and which every bank, to shun its rivalry, will be glad to send home. Coin money and legal-tender money have no home; they are cosmopolitan in character and become wanderers and tramps. A local currency, such as I have described, is more useful than either.

The opposition of gentlemen who favor the free coinage of silver impresses me as a serious mistake. In the first place many gentlemen who have hitherto voted for the free coinage of silver honestly believe that this measure will afford more substantial relief, and when they find that the conspicuous advocates of free coinage are bent on having no other relief they may be tempted to part company with them. In the second place every one knows that it is impossible during this administration to secure the free coinage of silver, and that to insist on it will foment discord and dissension in Democratic ranks. In the third place, when we cannot get the specific relief we want in the manner we want it, it is wise to get as much of it as we can in the manner that other people seek it. And in the fourth place, this bill, if it becomes a law, will achieve more for the protection of silver than any legislation has done since its demonetization. Under its provisions the silver already coined and the paper certificates representing it will be mechanically forced into the circulation and kept there. People will be obliged to use it because they can have nothing else with which to replace it.

I approve this bill also for the reason that it implies confidence in the integrity of the American people. It assumes that men of capital, men of credit in the business world, and men who by intelligence, honesty, industry, and frugality have accumulated fortunes, may, contrary to the teaching of demagogues, be trusted in affairs of the greatest magnitude without being incarcerated in strait-jacket laws. By its passage we announce that we do not believe that every man who has achieved success in business is either a thief or a scoundrel. Words of this import coming from the Congress of the United States will bear beneficent fruit. We seem to live in an age of distrust and suspicion. No man's motives or conduct is exempt from harsh and cruel criticism and censure. The shafts of falsehood and slander are aimed at every shining mark. The character of every man in position, from the Chief Magistrate of the country to the humblest official, and of every man to whom fortune has been generous in the distribution of her favors, is the subject of malignant calumny and vituperation by the sensation monger who, in every market, obsequiously barter the slimy products of his pen for the fickle applause of the multitude. The putrid sluice of lies and slander ought to be averted. The American people are an honest and Christian people, worthy of the highest trust and confidence in every sphere of life, and we ought, whenever it is opportune in our work, to train everyone in that faith.

Mr. Speaker, I felt it my duty to offer these general observations in support of the bill. I have made no attempt to explain its details, for that has been far more intelligently done than I can do it. Despite all its alleged defects, I give it my hearty support.

I have listened attentively to the arguments against it, and they seem to end in a "lame and impotent conclusion," namely, that the bill is imperfect, and that frauds may be perpetrated under it. Certainly that is true. No sane man ever contended that it was either perfect or impregnable to fraud, and no sane man ever believed that it is possible to enact such a law. It provides a system of banking in accord with the growth of monetary science and is infinitely superior to the system that it aims to supplant. In my judgment it is fraught with more substantial and comprehensive relief than any measure that we have had the opportunity to support. It is a scheme on which the people may build an enduring prosperity as soon as the evil days on which we are fallen have passed away.

The Currency.

SPEECH

OF

HON. J. C. BELL,

OF COLORADO,

IN THE HOUSE OF REPRESENTATIVES,

Friday, December 21, 1894.

On the bill (H. R. 8349) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes.

Mr. BELL of Colorado said:

Mr. SPEAKER: At the very threshold of this discussion we should take a retrospective view of the means used and of the persons involved in bringing the world to its present deplorable condition.

If the same forces are employed to urge this measure, or the same objects sought as have been in view by certain classes so long in the past, then this may aid in penetrating the prospective objects of the originators of the present bill.

It is not sufficient to say this is an improvement on our present partial and expensive banking system. This is more than a mere banking amendment. It is intended as a complete change of our monetary policy. It is offered as an ample specific for the incongruities of our present financial chaos.

The sires of this measure intend that it shall supplant the automatic money circulation of gold and silver with bank paper. They hope to substitute the arbitrary bankers' limit as to the necessary quantity of our currency for the capacity of the mines and Government limitations. The primary object of the original authors of the ideas permeating this bill is to consummate the long-cherished design of the bankers of the world to have the American Republic, the exemplary standard of freedom and equal rights, delegate to its banks the exclusive right to issue and control the paper currency of the country.

This is an integral part of the grand plan of operating on a single gold standard as the international money and measure of value for the world. The \$4,000,000,000 of gold in the world equally distributed among 1,500,000,000 inhabitants would give each \$2.75 or \$22 less than our own per capita circulation. The banks would corner this little mite of gold coin and issue from \$25 to \$30 of bank paper as the exclusive money for circulation among the people. Unquestionably this bill, if passed, will be considered and urged as a settlement of our financial difficulties for many years to come.

The United States does not stand alone in her financial chaos and distress. The contagious disaster following the international gold scramble and consequent contraction and money famine has blighted the hopes and aspirations of the producing and nonruling classes in all lands and climes.

For more than a generation the unified bank powers of the world have been tugging at a single cable endeavoring to drag down the national money and hoist the bankers' paper.

As the misfortunes of war or panic have overwhelmed a province or nation it has been forced into the international gold scramble; into the international banking scheme, and into permanent poverty and distress.

This maudlin sentiment of the banker and professional money changer as to sound finance, honest money, and unimpaired public credit is an ingenious specious plea in their self-defense.

Who is or should be dearer to this Government than its own individual citizen? The enlightened statesman Burke, in speaking for the people rather than for bankers, pertinently said: "It is to the property of the citizen, and not to the demand of the creditor of the State, that the original faith of society is pledged. The claim of the citizen is prior in time, paramount in title, and superior in equity."

This bill is another master stroke in the name of the people, but in the exclusive interest of the banking world.

If passed it is expected to and it will in all probability sound the requiem of the circulation of gold and silver money of the Constitution for a generation to come. The alleged financiers of this country, who are nothing but mere specialists in so handling ready cash as to make the largest possible private gain, are seeking to have delegated to the International Banking Association the right to determine the quantity as well as the quality of money that shall circulate.

This is a herculean effort of the bank power to crown with shining glory the aspirations of the banking world to secure the alliance of this Republic with the European banking oligarchy for the control of the money and per necessity the destiny of the world.

When the stern and patriotic Jackson so effectually checked the encroachments of the banking power Thomas Benton truthfully said: "Jackson has beaten the bank; yet the bank power is not conquered, but, like a royal tiger driven to the jungles, will return again."

The bank power did return when the life of the nation was in the throes of a bloody internecine war, and relaid the foundation of new banks of issue ostensibly for temporary war purposes and to increase the price of United States bonds which the Government then felt it was compelled to put upon the market. In the midst of this dire distress the bank power has audaciously reappeared and impudently demanded that we yield up to the banks independent national money, except the little pittance of gold not used as a circulation, but as a mere measure of value.

In all ages as the people's money, the government currency, has been contracted or destroyed the masses of the people have been impoverished and property has rapidly drifted from the possession of the many to that of the few.

The financial issues between the rich and the poor, between the debtor and the creditor, between the money changer and the people, have been well defined and clean-cut for quite three-quarters of a century.

The annuitant and creditor have always demanded a scarce and dear dollar and limited quantity of legal-tender money and cheap property, while the people at large have demanded an abundance of good, cheap money and dear property.

This division of sentiment is impregnable proof that no individual should be permitted to issue or control the currency. What is meat for one class is unquestionably poison for the other at the monetary table.

The country thoroughly learned the lesson of money in the former half of the present century.

Eighteen hundred and eight ushered in a money famine which was unbroken until after the discovery of gold in California in 1849 and in Australia soon after.

The United States monetary commission of 1876 reported to Congress that our dollar increased in purchasing power 145 per cent between 1808 and 1848. In other words, if a dollar borrowed at the former period would have paid for a bushel of wheat or a day's labor, at the latter period, under this greatly increased value of the dollar, it would have required the sale of 2.45 bushels of wheat or the performance of 2.45 days' labor to have obtained a dollar with which to repay.

The very essence of good money is to maintain it in quantity and quality, as compared with all other purchasable things, in such a manner that the prices of stable products and human effort, under normal conditions of things, will be substantially the same when a debt is required to be paid as they were when it was contracted. This is all the toiler, the debtor, and masses of the people have ever demanded. But the security holder and creditor are determined to obtain their payments in a dollar of twice the value of the one they loaned under the misleading guise of sound and honest money.

The money famine broke away gradually as the increase in the money volume established the proper equilibrium between it and the quantity of purchasable property in the world, after the developments of the gold discoveries in California and Australia. As prices rose in proportion to the general increase in the money supply, which invariably occurs, there developed such a general contentment and prosperity in every civilized and semicivilized country as never had been witnessed before.

And yet this did not bring universal happiness and contentment. The annuitant and bondholder of Europe complained to their Governments that by the combined use of gold and silver as money the general prices of the necessities of life would range too high, making their incomes and their annuities buy a smaller amount of the products of labor than before the increase in the gold output, and therefore they then and there organized to destroy the money functions of one of the metals. Gold then promising to be the more abundant was selected for the onslaught. In pursuance of this determination Germany and Austria demonitized gold in 1857. The intention was to make this move general in Europe, but France became stubborn and would not join in the crusade, and as the charter of the Bank of England

required it to purchase at a fixed price all gold offered at its counters, England could not join the movement, and therefore Germany and Austria rehabilitated gold, and the movement was inaugurated in 1865 for the destruction of silver.

The owner of ready money and securities had watched them go up and up in value during this forty-year money famine just in proportion as the price of general property went down as money became scarce. With equal anxiety they watched the purchasing power of their annuities and annual interest collections go down and down as the outpouring of the gold from the mines so rapidly increased the volume of legal-tender money in the world and general prosperity and the prices of general property and labor went up and up in proportion to this increased money supply.

During these contrasting periods the inflexible economic principle that any increase in the volume of money increases the prices of general property and any decrease in the money supply, as compared with the population and quantity of property and labor to be exchanged, likewise decreases the general prices of property and labor, was so burnt into the quick and marrow of the owners of ready money, securities, and those receiving annuities, that they redoubled their efforts to destroy the money functions of one of the metals. They preferred to destroy gold, but could not; and hence, in 1865, they firmly moved on silver, not because it was depreciated, because it was then at a premium over gold, but for the sole purpose of making money dearer and scarcer and necessarily property and labor cheaper everywhere.

The minority of the French monetary commission of 1869 reported to its Government to this effect, and declared that by the use of the two metals for money that it made general property high and injuriously affected that class of people having fixed incomes and nothing to sell but everything to buy.

The United States Monetary Commission of 1876 reported to Congress, among many other things, as follows:

Manifestly the real reason for the demonetization of silver was the apprehension of the creditor classes (money-lending classes) that the combined production of the two metals would raise prices and cheapen money unless one of them was shorn of the money function. In Europe this reason was distinctly avowed.

These reasons, so conspicuously stated when the annuitants and creditors were trying to establish a silver standard and when they were trying to fasten a gold standard upon the world, ought to be continually impressed upon the minds of the farmers, miners, and toilers generally until they see the true cause of our distress and correctly spot the special classes fastening it upon the world.

Gold and silver money of practically the present standard value constituted the legal-tender money of this Government from its foundation down to the destruction of silver in 1873. That it was destroyed without the knowledge or request of the people, and simultaneously with the destruction by so many nations in Europe, is conclusive that the objects sought in the United States and in Europe were in pursuance of a common and fixed purpose of an international money power to destroy silver; not because it was depreciated, for it was then at a premium of 3 cents above the price it was proportioned to gold by the parity act.

With the destruction of silver the producer's trouble began. As the prices of his products went down, the value of mortgages, securities generally, and ready money went up.

The money changers of the world own \$35,000,000,000 bonds and debts of the different national governments, which they have been trying for a quarter of a century to reduce to gold debts by having the contracts actually changed by legislatures, and when that can not be done, by having the executive branches of the governments do as they induced ours—that is, adopt a governmental policy of allowing the creditor and bondholder to choose the kind of money he will accept on his debt.

A casual review of the legerdemain used by our Government in the interest of and at the dictation of our bondholders may serve as a pertinent illustration of what the combined and associated bondholders of the world are doing.

This Government, while overwhelmed with the anxieties of an internecine war in the 60's, was forced to permit its financial ship to be steered under the money-changer's compass. They systematically and premeditatedly stranded it upon a rock of their own choosing, where they can daily loot the Treasury.

When Lincoln and Chase as a dernier resort secured the issue of \$60,000,000 in noninterest-bearing greenbacks or demand notes, and afterwards made them full legal tenders and receivable for import duties, it brought every professional money-changer and banker of the land to his feet. They peremptorily demanded and secured an exception clause in all subsequent issues, making them partial legal tenders, not acceptable for import duties or for the interest on our public debt by them held. The first notes never depreciated and no speculator ever made a dollar out of them, but those with the banker's exception-clause dictation were by him depreciated and bought in for an average of about 68 cents on the dollar.

They secured an act of Congress permitting them to exchange these depreciated greenbacks for interest-bearing bonds at par.

These bonds were purchased with greenbacks and upon their face made payable in "lawful money." The owners of these bonds cunningly, under an ostensible aim to strengthen the public credit, secured a Congressional act on July 14, 1870, making them payable in coin of the standard value of that day, which included our present standard silver dollar with our gold coin. The public thought but little of this, because silver was at that time more valuable than gold, according to the established ratio of 16 to 1. The owners of these bonds, however, in some mysterious way secured the demonetization of silver in 1873, covertly, without even the vigilant newspaper representatives detecting the act. This was not sufficient, however, because their bonds by law and upon their face were payable in gold or silver of the standard value of July 14, 1870, and even the new bonds issued by Secretary Carlisle are so payable, because the act under which they were issued provides that all bonds issued or hereafter to be issued shall be payable in coin of the standard value of July 14, 1870, including the standard silver dollar. The inflexible rule of law is that any or all debtors, public or private, may choose any kind of legal-tender money for the payment of their debts, and their creditors are compelled to accept the money offered. The bondholder fully recognized this rule of law, but plaintively appealed to Secretary Hugh McCulloch under the fraudulent guise of an honest-money league that the Government pay its creditors in any kind of money they might desire. He promptly decided to adopt a governmental policy different from every other government of earth of allowing the creditor instead of itself to choose the kind of legal-tender money it will accept.

They lately secured the decision of the Secretary that he has the right to issue interest-bearing bonds for the ostensible purpose of redeeming greenbacks, but really to pay the expenses of the Government, and then to reissue them ad infinitum. With all of the Treasury machinery rigged in the interest of the Treasury looters, a continuance of present conditions will be inevitably ruinous.

But the laws are not so blamable as the law officers of the Government. The letter and spirit of the laws have been abandoned for a so-called public policy, dictated by and for the special benefit of the great creditor classes of the world. This policy is not that of the law, but dictated by a class of men schooled and tutored only in handling ready money for hire rather than investments in developing enterprises. Had good fortune smiled on the masses rather than the classes in the last Presidential campaign and have placed in the Executive chair a JONES, a MORGAN, a HARRIS, a TELLER, or a RICHARD P. BLAND, instead of the present incumbent, the country would have had a complete reversal of policies and conditions. The debts of the Government would have been paid in gold and silver at the option of the Government; the seigniorage would have been coined and paid out on current expenses. We would have had no gold scramble, no repeal of the Sherman act without something better as a substitute, no bond issue, no shutting down of mines, mills, and manufactures, no bankers' panic, and no Carlisle bill.

No well-informed person can have the temerity to deny that this would have been the course of any one of these gentlemen, or to assert that any one of them has less patriotism, less governmental experience, less ability, or has been less successful in the correctness of his governmental forecasts than the present distinguished Executive. With all due deference I will ask, Why all of this cringing to the one-man power? It is subversive and destructive of a republican form of government. What has become of all of the dire threats of members of this House, if bonds were issued without the consent of Congress? Whither are all those grandiloquent silver pledges finding such secure hiding places since the election? Were these sincere? Have so many changed their convictions since November, or were they mere electioneering paraphrases? Every specific the Executive furnished has betrayed his common human weakness, for each remedy has aggravated the diseased body politic.

You have blindly followed him in the past against your better judgment. The currency remedy, the seigniorage bill, presented him by a majority of his own party lawmakers from the House and from the Senate, was arrogantly vetoed and cast away as trivial and dangerous.

These things are enough to cause the advocates of a republican form of government to stop and inquire what special training or qualification is required of an Executive? He is not chosen to direct the making of laws, but rather to execute those enacted by the law-making branch of the Government.

It is true the Executive is expected to suggest defects and point out remedies for the consideration of Congress, but it never was expected that an Executive would pit his own judgment against the combined and deliberate judgment of his party in Congress.

The history of this country has shown for the past half a century that men are not selected for Presidential nominees because of individual greatness, but rather because of availability and

prospects of carrying pivotal States. Generally the less national record the more availability.

With all due deference to those in high places, their countrymen recognize no one in position to-day as standing out distinctly above his fellows in morals, intellect, or political sagacity. This is not intended as a disparagement to anyone. It is simply the recognition of a well-known truth that humanity is monotonously alike in every station of life, and that no one has been given by nature a monopoly even on common sense or ordinary sagacity. Anyone who assumes to have such is a dangerous imposter and clearly demonstrates his unfitness for public place.

The intention of our republican form of government is that the combined and unbiased judgment of Congress, as enlightened by an intelligent and practical constituency, should furnish the governmental policy and the specific for the country's legislative maladies.

The President, because he hails from the great money center of the nation, has no moral right to ignore the will of the people at large as expressed by his own party representatives in Congress in the interest of his own domicile. This bill is primarily in the interest of the banker and money changer. It is true that it does not even go far enough to fill the measure of their greed, but it is practically the Baltimore plan.

The people, the farmers, the miners, and the producers generally, demand more absolute money and less bank power and less bank dependence. The great Federation of Labor that met in Denver a couple of weeks ago, with representatives from every vocation and from every State in the Union and some from abroad, did not resolve for more and better bank paper, but they did resolve for more and better absolute money; they did resolve for the free and unlimited coinage of silver at 16 to 1. They did resolve for a curtailment rather than an augmentation of corporate power.

In a report of the Committee on Coinage to this House in the Fifty-first Congress it is said:

Almost every man who appeared in opposition to free coinage was a president or other executive officer of some bank, some great insurance company or other firm, corporation or association controlling vast aggregations of capital. Upon the other hand, it may not be out of place for us to mention the circumstance by way of contrast, that at the conclusion of Mr. Atkinson's statement Mr. Dunning, the duly accredited agent of the Knights of Labor and various other kindred organizations comprising nearly 4,000,000 voters, stepped forward and laid on the table the petition of these tolling millions, praying for the free coinage of silver.

In addition to this it is proper for us to call attention to the further fact that the great organization known as the Farmers' Alliance has adopted a demand for the free coinage of silver as the cardinal feature of its creed.

The Transmississippi Congress, representing twenty-two States, has from time to time in the past three years, and with great unanimity, demanded the free coinage of silver. These organizations represent all shades of people and vocations. Not a whisper from any one of them about more or better bank paper. At the meeting of the National Banking Association at Baltimore it declared for this bill in substance. The local banking associations in New York and everywhere have declared for it in substance, but nowhere in Christendom has a labor organization, a citizens' meeting not dominated by the professional banker, declared for more or better bank notes as a specific for our distress. We have no prejudice against banks within legitimate lines. They are a necessary convenience in commercial intercourse, but the great banking associations are now seeking to direct the Government, not for the good of the people, but so as to enable their class to thrive at the expense of every man that exchanges a product or day's labor for cash.

In 1878, after the people learned of the disreputable jugglery by which silver was destroyed in the interest of the creditor and bondholder, it made a peremptory demand for its restoration. The sponsors of these interests graciously yielded to the people the Bland-Allison Act in 1878 and the Sherman Act in 1890, but, however, after they had converted each of them from free coinage acts, that had been demanded by the great masses of the people, to purchasing acts, with premeditated designs of finally destroying silver.

Senator SHERMAN in 1892 introduced a bill to repeal the purchasing clause of the Sherman Act. When asked why he sought to repeal his own creation he justified his action by saying on the floor of the Senate that he introduced the original bill to prevent the passage of a free silver bill at that time, and also to save President Harrison the responsibility of vetoing it after its passage. Is not this enough to cause the people to distrust public men and their general sincerity?

In the very inception of the panic last spring the Secretary of the Treasury threatened to obey the law and pay demands in gold or silver according to the contract and the law. The money changers threatened to continue the panic and other dire disasters if he consummated his threat. The Administration, with much meekness and trembling, made an insipid and childish surrender.

A concession of these sacred privileges of the people is not a dernier resort of the Government. Every interest-bearing bond of this Government, whether old or new, is payable by contract

and by statute in coin of the standard value of July 14, 1870, which is the present gold and silver coined money. The greenback is not payable in gold, but in the same coin. It does seem that the banker, the creditor, and the legislatively favored few would be content with their lot and with their accumulated millions while so much distress and misery go unrelieved in the land. I know it is in keeping with vain human nature for them to lay the pleasing unction to their souls that the unprecedented accumulations of the past quarter of a century are attributable to their superior business acumen rather than to the partial and venial legislative favors they have received from the Government.

It is idle folly to attempt to conceal the fact that as the outburst of inventive genius has applied labor-saving machinery and overcome distance by rapid transit and quick communication that the destiny and fortunes of the rich and powerful of every vocation and of every country have been linked together for a common aggression and defense as against the balance of the world. Any great corporate interest in this House can touch a heartily responding chord in any other great corporate interest here represented, regardless of individual rights. No doubt but that an international gold standard, with an international banking system dominated and owned by the rich, would aid them in controlling the destiny of the world. It was once a national business emulation; now it is the rich and powerful of all nations against the balance of humanity. In the light of these proceedings, will it be effective in the future to appeal to the farmer, the miner, and the toiler with the old threadbare platitude that they are better off than formerly? They ought to now see, to know, and they ought to see clearly that they enjoy a less percentage of the value of their products than formerly—that the opulent's lot, with the progress of the age, has improved a thousand per cent faster than theirs.

It is hard for me to believe that the Democratic party of the South and West are going to turn tails to the common people and to the matchless teachings of Jefferson and Jackson, to join the oppressors of the industrious poor in all lands. Are they ready to admit with their erring Eastern brethren, that all of the cardinal doctrines of their adored creed have reversed themselves since the days of its founders?

Thomas Jefferson, the ideal of the old Democracy as well as of all lovers of true manhood, proclaimed that "bank paper must be suppressed and restored to the nation to whom it belonged;" that "the power to issue money should be taken from the banks and restored to Congress and the people to whom it belongs."

Said he:

I sincerely believe that banking establishments are more dangerous than standing armies. . . . Interdict forever to both the State and National Government the power to establish any paper banks.

Jackson said banks of issue threatened the perpetuity of our institutions. Benton said all property was at the mercy of banks of issue. The new Democracy says it would be an ideal condition to completely divorce the Government from banks of issue and to delegate the whole responsibility to the banks.

If this bill and the conduct of this Administration evinces the new Democratic creed to be promulgated and if the past record of the other great party shall be the light of its future on this subject, then it is high time indeed that from the abandoned ashes of the adored Democracy of Jefferson and Jackson and upon the cold embers of the Republicanism of Lincoln and Chase the masses of the people who weave and spin, mine and plow, and those of every caste who live by labor were aligning themselves with some party wherein humanity instead of accumulated wealth can get some recognition, where the debtor as well as the creditor will be considered, where the laws passed for the benefit of the masses may not be subordinated under the fraudulent guise of a governmental policy for the benefit of the favored few.

The critical Emerson declared parties perpetually corrupted by personality; that the masses of the association might be absolved from dishonesty but that the same charity could not be extended to the leaders; that they reap the reward of the docility and zeal of the masses which they direct; that as between the two great parties the Democrats have the better cause, for the liberalities and justice of which the philosopher, poet, and religious sects would like to vote, "but he can rarely accept the persons whom the so-called popular party proposes to him as representatives of these liberalities. They have not at heart the ends which give to the name of Democracy what hope and virtue are in it." What a precise diagnosis of the party condition to-day. In the light of recent events, can the "docility and zeal of the masses" who adore the precepts and examples of Jefferson and Jackson and the beneficence of pure Democracy be further impoverished and enslaved through the glare of insane partisanship for a moneyed oligarchy, and will they continue their "docility and zeal" though the heavens fall? I think there is a limit even to political and partisan endurance and that it has been about reached; that some party will, that some party must present men in the coming years who will have at heart the true and pure Democracy as taught by the founders.

The Currency.

SPEECH

OF

HON. J. O. PENDLETON,

OF WEST VIRGINIA,

IN THE HOUSE OF REPRESENTATIVES,

Friday, December 21, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. PENDLETON of West Virginia said:

Mr. CHAIRMAN: Since the history of our country began as an independent nation the American people have entertained as many irreconcilable opinions on financial questions as the entire civilized world has held with regard to matters of religion. I do not propose, in the few remarks that I shall address to the committee, to claim that I know more about these questions than others do. In fact, I think that gentlemen have already spoken upon this bill with more learning, with more lucidity, and more depth of thought than may be found in anything that I can hope to contribute to the current of the debate. I simply apologize for participating in the discussion, not only on account of the interest which seems to animate all my fellow-members, but on account of the interest that my constituents take in this matter, and also because I believe that every member should present his views upon these important subjects. And I am only sorry that in talking on a question of this character I have not had the business experience of the argumentative and disputatious gentleman from Massachusetts [Mr. WALKER], or that I have not had the benefit of having lived in a great commercial community, like the gentleman from the city of New York [Mr. WARNER]. I think myself that those two gentlemen probably embody in their minds a greater range of knowledge upon the financial questions that are at present disturbing the minds of the American people than any others on either side of the present House.

But, Mr. Chairman, although we can not contribute to the debate information of such a character as can be obtained from those trained experts, I think we can at least say something that will give our views on the existing situation and at the same time present to the House of Representatives the ideas that are entertained by the constituents whom we represent here. I do not suppose that in a period of fifty years our country has been more at sea upon the financial question than it is to-day. I think that the currency to which our people are at present subject inspires more distrust than any that we have had since the year 1837, when the old system of "wild-cat" banking flourished in its fullest amplitude and when bad finance and monetary disorder were the order of the day.

In this country we are in a different position from the people across the water. We still have financial questions agitating our people to a great extent. Other nations—I mean European nations—are involved in disputes over questions of liberty and government. They have in a great degree been able to solve their currency problems to their own satisfaction, but we have never yet been able to agree upon a financial system that met with any unqualified support from our people. Since the war between the States came to an end all political parties have been wrestling with the finances, and the long debate still seems to be without end. Until something is done that shall win to its support the suffrages of the majority of our people the debate will go on, the agitation will increase, and the discontent will not die.

All our people are not thinkers or students. They are neither financiers nor philosophers. They have, however, two ideas deeply planted in their minds. They do know that a large amount of their happiness depends upon the legislation affecting the circulating medium of the people and the method of assessing and collecting the taxes with which to support their Government. They believe, and correctly so, that the prosperity of the country depends, in a great measure, upon a speedy and a wise settlement of these vexed questions. At the first attempt to legislate a great difficulty faces us. We find that our people are disposed to divide on these questions, not according to the very right of the matter, not through an effort to find out what is best for all the people living beneath our flag, but nearly every man approaches this discussion from a sectional standpoint or with a desire to establish the truth of some pet doctrine and an unwillingness to let anything be done unless it proceeds from himself. But few of us are so patriotic or so self-sacrificing as to try to ascertain what is for the general good and what will bring great and lasting prosperity to the entire people regardless of the temporary interests of any locality.

Take a gentleman representing the State of Colorado or Nevada on this floor. He regards the currency question, which influences and decides the weal or the woe, the happiness or the misery of all our people, simply according to the narrow limits of the State of Colorado or Nevada. Gentlemen from those States, if they had their own way, would give the country what? Not only an unlimited coinage of silver at a ratio of 16 to 1, but every citizen of Colorado, every citizen of Nevada, everyone interested in the great silver mines of the West, would be willing to give the balance of the country, and have it sustain, a free and unlimited coinage at a ratio of 1 to 1. Then those people would be in the very sublimity of their happiness, the very paradise of their hopes. A great prosperity would be theirs for the time. Now, we should not in taking up this question suffer ourselves to be led by such considerations.

There is still another large body of people in the West and South who find a happy solution in the idea that if they obtain an expansion of our currency they may secure a cheap and a depreciated dollar with which to pay their indebtedness. There is a large class of our population animated by desires of this character; and that is all that more money means to them. There is still another large class in the cities of the East, where the great banks of the country are located and where accumulated wealth has been piled up until to-day in the State of New York and in the cities of the East you can find more wealth accumulated than was ever to be found in all the Roman Empire in its days of glory, in India in its period of greatest wealth, or in any other country of the world to-day, save in England alone—those people are the creditor people of our country; they are the money lenders; they are the people who, when they have loaned money, desire to obtain from the debtor in return, not what they have loaned him, but to make the dollar appreciate, to make the currency dearer, to make it more difficult to be obtained—they are the class of people who desire to have a dollar that shall be dear, and when dearest, shall be found entirely in their hands, so that when they obtain back the property or the money that they have loaned, they may obtain back a far greater sum or value than they have granted to the debtor.

I say we should not consider this question from the standpoint of any one of these three classes of our people. We should not try to pass a law in order to give a benefit to the creditor at the expense of his debtor, nor should we attempt to shape our legislation in order to give the debtor a benefit at the expense of the creditor, nor at the same time should we adopt a monetary system which will compel the balance of the country to pay tribute to the great mines of the West, and by legislation add a few hundred to the number of our silver millionaires. But we should attempt to solve this problem upon the idea that we are going to legislate for all the people; we should try to give our people what they need, what they have been crying for during generations, and what our Government should see that they have, if there be wisdom in our legislation and information in our statesmen; that is, a currency that will circulate from one end of the country to the other, that will be the same in intrinsic value to-day, to-morrow, and in the indefinite future, that will always be sufficient in volume for the wants of the business of the country, that will expand with the expansion of business, that will contract with the contraction of business, that will come out as the demand increases, and will retire to its hiding place in proportion as the demand decreases.

This is the automatic currency. This is the ideal circulating medium. This is what the mass of the people want. A medium of exchange that is the least liable to fluctuation, that approaches fixedness in its value, and enables creditor and debtor to do business with an approach to certainty. Unite with this feature the automatic theory of expansion and contraction and you will have given the American people a medium of exchange equal to that possessed by any people of the ancient or modern world.

Right on the threshold of this debate we are met by the question: What is a sufficient volume of currency with which to do the business of the country? How is it to be determined? Can the amount be fixed by legislation? Why, the very moment the law-making power establishes a fixed amount, a final quantity, that moment your medium of exchange loses expansion, contraction, is no longer responsive to the demands of business, and ceases to be automatic. It is evident to me that this question of volume can not be determined by law. I believe that the supply should depend upon the demand, and that the demand will always depend upon the business needs of the passing hour.

Now, what is a sufficient quantity of money with which to carry on the business of the country? Has any man ever yet discovered what is a sufficient quantity? Can any man tell what is the amount of money that our people need with which to carry on the mighty commerce of our great Republic? I will venture to say there is not a man within the sound of my voice who can tell me the amount of money that we ought to have. No man will solve that problem. The amount will rise and fall with the rise and fall of

business. It may be so much to-day, so much more to-morrow, and so much less the day after. We should legislate so as to place business, trade, and commerce in a position to answer this question for themselves. This bill is a long march on the right road, and for that reason, after it has been amended in some respects, it shall receive my hearty support. It is a pillar of fire that is casting a strong light on our financial clouds.

There are some people who seem to think that they can tell the amount which is needed to do the business of the country. They are the members of that party which has sprung up in recent years; I allude to our friends, the Populists. They tell us that if you give to the American people a fixed amount of money per capita—so much per head—that amount will be sufficient; and they have assumed an arbitrary ratio of \$50 per capita as the amount necessary with which to conduct the enterprises and the commerce of this magnificent country. But when you ask a votary of that theory to give his reasons why the amount per capita should be \$50, no more and no less, you can not find one who will give you a reason so intelligent that he can either understand himself or give anyone else the capacity to understand.

Mr. KEM. Will the gentleman permit me to ask him a question?

Mr. PENDLETON of West Virginia. Yes, sir.

Mr. KEM. I wish to ask the gentleman if he means to say that the People's Independent party, in State convention or otherwise, have declared that the circulating medium of the country should be \$50 per capita, no more and no less?

Mr. PENDLETON of West Virginia. My understanding is that the members of the Populist party in this country have attempted to tell the country just how much money is necessary to carry on its business, and for all the purposes to which money is applied; and that in reaching the solution of that question, of pointing out the quantity they deem necessary, they have arrived at a per capita circulation of \$50 for this country. That is my understanding, and I think it is a correct one.

Mr. KEM. If that is the gentleman's understanding, that the Populist party have hold, or held, or declare, that we should have \$50 per capita circulation in this country, and no more and no less, then I wish to state to him that his understanding is not good.

Mr. PENDLETON of West Virginia. Well, I differ with the gentleman as to the question of understanding.

Mr. HENDERSON of Iowa. The Omaha platform goes far beyond that.

Mr. PENDLETON of West Virginia. Yes.

Now, let me see if I understand the gentleman from Nebraska. His proposition is that at least \$50 per capita should be furnished to the people of this country, and as much more as the Populists may deem necessary.

Mr. KEM. Well, that is altogether a different proposition from the one the gentleman first stated.

Mr. PENDLETON of West Virginia. I want to get at your proposition. Now, what is it?

Mr. KEM. You have substantially stated it, or made a fair statement of it, at least, in the last portion of your remarks—that is to say, that we should have in this country a circulation of at least \$50 per capita.

Mr. PENDLETON of West Virginia. That is, the amount in the aggregate?

Mr. KEM. Yes, sir.

Mr. PENDLETON of West Virginia. And how much more?

Mr. BOEN. Let me ask the gentleman from West Virginia this question: Has the volume of currency in circulation anything to do with the prosperity of the country?

Mr. PENDLETON of West Virginia. No, sir; provided the amount in circulation is sufficient for the business needs of the country.

Mr. BOEN. That is the gentleman's opinion?

Mr. PENDLETON of West Virginia. Yes.

Mr. BOEN. Well, we contend that it is a matter of vital consequence, and that the volume of currency has a great deal to do with the prosperity of the country, and political economists agree with us on that point. Now, I hold that the prosperity of the country—

Mr. PENDLETON of West Virginia (interrupting). Oh, my dear friend, I can not undertake to run a little political kindergarten for the benefit of the Populist party while I am discussing a question of importance like this. If the gentleman desires to ask a question I will yield to him for that purpose, but only for a question.

Mr. BOEN. Then I will ask the gentleman what was the condition of the prosperity of the country in 1866?

Mr. PENDLETON of West Virginia. The country was exceedingly prosperous at that time.

Mr. BOEN. Well, in 1866 the per capita circulation was \$52.01 in this country, and you say the prosperity was good?

Mr. PENDLETON of West Virginia. Yes.

Mr. BOEN. Now, we claim that there is less than \$5 per capita—

Mr. PENDLETON of West Virginia. The gentleman must see that I can not yield to him for a speech in the brief time that I have. If he has a question I hope he will submit it.

Mr. BOEN. Then the question is this: We contend, I will say first—

Mr. PENDLETON of West Virginia. If I understand your contention, it is that the country should have at least \$50 per capita of circulation issued by the National Government?

Mr. BOEN. Yes, sir; that there should be about \$50 per capita, and the reason is this—

Mr. PENDLETON of West Virginia. Oh, well, now, if the gentleman will allow me I can give a good many reasons why it should not be so. I have no contention with him on that point. What I want to get at is as to his suggestion that \$50 per capita is the maximum, or is it the minimum?

Mr. BOEN. Our platform says "not less than \$50 per capita."

Mr. PENDLETON of West Virginia. And anything above that amount which you can get—

Mr. BOEN. Experience shows that \$50 per capita is about right.

Mr. PENDLETON of West Virginia. I do not care for the kind of experience the gentleman is referring to.

Mr. BOEN. Well, if you do not care about experience, what do you care about?

Mr. PENDLETON of West Virginia. I want to understand the Populist policy; that is what I am after now. It is not a question of experience at this time. Now, we have arrived at one point of agreement as to the Populist platform. We agree that the circulation should be at least \$50 per capita?

Mr. BOEN. Yes; that is Populism.

Mr. PENDLETON of West Virginia. Now, how much more?

Mr. BOEN. Well, \$50 is about the amount.

Mr. PENDLETON of West Virginia. And no more or less?

Mr. BOEN. Do you suppose you could get Congress to agree to a thousand dollars per capita?

Mr. PENDLETON of West Virginia. Then you mean that the people ought to have at least \$50 per capita, and as much more as Congress and the President, acting together at any time in the future, think proper?

Mr. BOEN. Yes, sir.

Mr. PENDLETON of West Virginia. And that is your policy?

Mr. BOEN. That is my policy.

Mr. DUNN. And he might add that they want that taken from the rich and given to the poor.

Mr. PENDLETON of West Virginia. Now, Mr. Chairman—

Mr. LACEY. I hope the gentleman does not concede that there were \$52 per capita in 1866?

Mr. PENDLETON of West Virginia. No; I do not concede any of the gentleman's propositions at all. While the country was prosperous in 1866, I do not concede that the volume of the currency had anything to do with it. I could give many reasons for that prosperity.

Mr. BOEN. We do not ask you to concede anything.

Mr. PENDLETON of West Virginia. I do not concede for a moment that the prosperity of any country depends in the slightest degree upon the quantity of currency in circulation among the people, provided that quantity be sufficient with which to carry on the business of the country. The question of the quantity of money per head of population is idle, childish, and the veriest trash ever uttered.

Mr. BOEN. That is all that the Populists demand—a sufficient amount of currency to carry on the business of the country.

Mr. PENDLETON of West Virginia. Yes; but you attempt to fix it by saying that it shall be at least \$50 per capita, and as much more as Congress and the President acting together may think proper to give, and I do not agree with that. I do not believe that Congress and the President know or ever will know what is the necessary amount with which to carry on the business of the country.

Mr. BOEN. How would the gentleman have the volume fixed? Whom would he have fix it?

Mr. PENDLETON of West Virginia. I propose that the volume of currency in this country shall be fixed by those who carry on the business of the country, and that is one reason why I am favoring the present bill, because I believe that it will give to the country an elastic currency that will respond to the demands of the business of the country. When business demands a thousand dollars, under this system it will be brought forth. When business demands that it be retired, under this system it will go back to its home. The prosperity of the country does not depend upon whether our circulation be \$10 per capita or \$100 per capita. This year or this month \$10 per capita may be amply sufficient for the business of the country. Next year or next month six times that

amount may not be sufficient. Business itself will tell the amount needed and, if you permit, will regulate the whole matter.

Mr. BOEN. Whom do you say is carrying on the business of the country?

Mr. PENDLETON of West Virginia. About seventy millions of the American people.

Mr. BOEN. Exactly.

Mr. PENDLETON of West Virginia. Farmers, plowmen, workmen, mechanics, lawyers, bankers, merchants, one and all.

Mr. BOEN. They should say it, but must they not say it through Congress, by legislation?

Mr. PENDLETON of West Virginia. No, sir; the demand will vary from time to time and legislation can not say what will be needed to-day or to-morrow. There are 356 wise and sober philosophers sitting in the House of Representatives of the United States. I think that, more or less, they are all intelligent men, but I say that there is not one of them, in his capacity as a Congressman, or all acting together collectively as Congressmen, who can give you the slightest idea as to the volume of money with which it is necessary to carry on the business of this country, and that Congress cannot regulate it because Congress knows nothing about it.

Congress can so legislate as to put it in the power of business to regulate it, and this is what by the principle of this bill we are trying to do.

Mr. KEM. Will the gentleman permit a question further?

Mr. PENDLETON of West Virginia. What is it, please?

Mr. KEM. You say the amount of money in circulation must be determined by the business—

Mr. PENDLETON of West Virginia. By the business of the country—the proper amount to be in circulation.

Mr. KEM. Then you say that the people who carry on the business of the country are composed of about 70,000,000 of people.

Mr. PENDLETON of West Virginia. Yes.

Mr. KEM. Will you please tell me how those 70,000,000 of people are going to determine the amount of money that is to go into circulation, and how you are going to get it into circulation?

Mr. PENDLETON of West Virginia. Very easily.

Mr. KEM. Wait until I get through. Let me ask my question.

Mr. PENDLETON of West Virginia. I am trying to make a talk upon this subject, and that is one of the questions about which I intend to speak, but you should allow me to approach it in my own way instead of switching me off on side issues.

Mr. KEM. I beg your pardon if you did not yield to me. I thought I had the gentleman's permission to ask a question.

Mr. DUNN. Will the gentleman from West Virginia allow me to ask a question of the gentleman from Nebraska?

Mr. PENDLETON of West Virginia. I can not go right on speaking all the time if gentlemen are going to carry on a side colloquy all through. I yield to the gentleman from New Jersey to ask a question of the gentleman from Nebraska.

Mr. DUNN. Is it not the idea of Populism that Congress has the right and the power to pass a bill here to give everybody something, and especially the Populists?

Mr. KEM. It is not. That question is on an average seemingly with the intelligence of the gentleman who asks it.

Mr. PENDLETON of West Virginia. Well, that is sufficient on that subject. I have been diverted to a considerable extent by these interruptions from the line of argument on which I started.

Now, the trouble has been in this country that there never yet has been, from the organization of our Government to the present time, a satisfactory currency with which to carry on the business of our people. We have never yet had an elastic currency, a currency that would respond to the needs of business and be at the same time a safe medium of exchange; be abundant when there was a great demand for money and become narrowed and confined when that demand for money ceased. We are to-day in a very different condition from the European countries. Nearly every great civilized European country—France, England, Germany, Austria, and Italy, one and all—has practically arrived at a solution of this question that is satisfactory to its people.

The English Government does not issue a currency for the people; the German Government does not issue a currency for the people; the French Government does not issue a currency for the people; nor does the Italian Government; and yet in all of these four or five great civilized nations at the present moment you will find no demand for an expansion or for a contraction of their currency. You do not find the British House of Commons taking up its time by debating financial questions that relate to the people's medium of exchange; and yet it is a fact that for the past twenty-five years more than half of the debates upon general subjects in the Congress of the United States have been upon the theory of attempting to arrive at a solution of this very question of medium of exchange.

Mr. BOEN. Do I understand the gentleman—
Mr. PENDLETON of West Virginia. Now, my friend—well, go on with your question.

Mr. BOEN. I understand from your argument that the Government should legislate for the banks?

Mr. PENDLETON of West Virginia. I have said nothing about the Government and the banks. You have not found the French Parliament giving up its time to the discussion of this question. You have not found the Italian Parliament devoting its time to determine whether Italy has too much or too little money. You do not find Germany discussing any such question as that. It is true that we find cranks in Germany upon many questions, but throughout Germany you heard of no cry arising as to inflation by the Government or contraction by the Government; and if the people of that country under their present financial system were suffering from want; if they were meeting with great disasters and this wreck and ruin were coming upon their country, with all the cranks that have been turned loose in Germany, with all the social philosophers running up and down that happy land, with all their quack nostrums afloat, and with all their anarchists running loose across that vast plain, with wild and foolish notions in their crotchety heads, you would have, under universal suffrage, a party springing up and trying to uproot the monetary system under which the German nation has been flourishing for the last twenty-five or thirty years.

These people have a currency that expands or contracts, that responds to the business demands whether that business be mercantile, manufacturing, or agriculture, or be any kind whatever; and you will find that condition to prevail to-day in nearly all the countries of Europe with one or two exceptions. But this country, which is supposed to be the most ample in resources; this country, which is believed to be in itself a whole continent in wealth and the most unlimited in capacity to furnish the means of comfortable and of decent livelihood—this country for more than twenty years has been delivered up to the mercies of all the quacks that have been allowed to run in the land; and every fad has had its day and every crank his hour, and we have had every theory of finance, every theory that strong and powerful parties could suggest or the brain of disease could invent and foist upon the people for their adoption or rejection, their bewilderment and general demoralization.

Now, I say that the man who can give the country a system of currency that will have the benefit of responding to the demands of the business of the country, expanding when business expands and contracting when business contracts, will furnish the country what it wants, will be the patriot of our times, and will do much to bring again to our doors that progress, prosperity, and happiness to which the intelligence, the morality, and good citizenship of the American people give them as ample a title, as unlimited a right, as any people in the world. As I said before, I shall support this bill, not because it is perfect, but because it is a step in the right direction. I support it for another reason. Something must be done. It does something. It is the only opportunity to do anything for a year to come. The people are demanding action. They are suffering. They are crying out, "Do for us what legislation can do." Let us on, then. Let us take this bill in our hands, perfect it if we can. The whole subject is before us, and this is no time for hesitation. From ocean to ocean a cry of distress has gone up to the heavens. You know, we know, that the country is in a disastrous condition. It has been so for at least two years.

You Republicans lay the blame on the Democrats—we hurl the charge back upon you. The legislation under which these conditions exist is yours. The superstructure is yours, and it has given away and has come down upon all our heads with a mighty, overwhelming crash. You made these conditions. We ask you to help us meet them like men.

The Democratic Congress came into power on the 4th day of March, 1893, and a Democratic President along with it. We did not find our pathway strewn with roses. We did not find that we were upon a bed of ease. We found that for thirty years the Republican party had been making the laws of the land; that the currency system under which we were living was of Republican origin. We found that the tariff system of taxation under which the country had been living for a third of a century was also of Republican origin.

We found every law on the statute books of a general character, for the weal or woe of this land, had originated with the Republican party; and on the 4th day of March, 1893, we further found a bankrupt, a discredited, and dishonored Treasury as the result of the preceding financial legislation. I do not know whether our Republican friends are to be charged with the misdeeds that had come upon the country or not, but I do say that for thirty years the legislation affecting the finances of the country was theirs; for thirty years the legislation affecting the tariff of the country was theirs; for thirty years the legislation affecting the prosperity of the land was theirs; and yet on the 4th day

of March, 1893, the very moment that party retired from power, we found that the result of thirty years of their legislation meant panic and crash, ruin and destruction from one end of the land to the other. Our Republican friends sneer and laugh with derision when their attention is called to the net result of their misgovernment, and battle as fiercely as a gladiator against every attempt at reform and every measure for improvement. They will not originate anything, and proclaim their intention to fight, hinder, delay, and obstruct—anything and everything that anyone other than themselves may originate or propose. Verily of such is the kingdom of Heaven.

We found a financial system that required us to maintain three hundred and forty-six millions of greenbacks as redeemable in gold, and yet under that system what did we find could come to pass? We found that astute bankers, that people who desired gold for shipment abroad or for other purposes, had the absolute power to bleed the Treasury of every dollar of gold in it. We found no protection against that except, what? An indefinite issue of Government bonds. Whenever the people desiring gold took one hundred millions of it out of the Treasury, as, under the law, they had a right to do, the only way we had to replace that gold was to negotiate a hundred million dollars of bonds and thus obtain another hundred millions of gold; and within the last year and a half we find that we have been twice compelled to negotiate large amounts of bonds in order to replenish the gold taken from the Treasury.

We find to-day that the same danger continues to lurk in our system, and in all probability in a few weeks, or at most in a few months, we shall find the Treasury again compelled to negotiate more bonds in order to again supply the gold which will have been taken from it under our present system. There is nothing to prevent in this way the creation of an indefinite amount of bonded debt. Now, that system is not of Democratic origin. It is a system which our Republican brethren devised. But this is not all that we found when our Republican friends retired from power. What else did we find? We found the financial system in disorder, the Treasury bankrupt, and in addition to that a business panic coming upon the country. All of these things, I know, have been charged by the Republicans upon the Democracy, but it does seem very strange that, after thirty years of control of the policy of this Government by our Republican brethren, the very moment a time of storm and stress came the structure which they had reared gave way like a house of cards.

As I have already said, in addition to a disordered financial system and a bankrupt Treasury, a great business panic came upon the country; and all these things came at once. Why? Gentlemen, it was your vicious financial system and your vicious tariff system, acting together, that brought us to this pass. In 1890 you had a tariff whose average rate of taxation was 47 cents on the dollar. One would have supposed that that was high enough to afford the protection that some of our people desired, but by the McKinley law that average rate was suddenly raised from 47 to 59 cents on the dollar. What was the consequence? The very manufactures around which the "protection" of that tariff was thrown increased in profit and in value, and, as the tariff was raised higher and higher upon certain articles, more and more capital, more and more plants, more and more people were brought into those industries, so that in a few years, under the extraordinary stimulation that you had given by your new tariff, you found that in many instances our people could manufacture more goods in two years than the country could consume or purchase in three or four years. In that way, inside of a short period of time, you had completely glutted the markets of this country, had completely overstocked our markets far beyond the demands of the people.

As a consequence, when you had oversupplied the market in all its demands, you were compelled to allow your mills to stop, and men were thrown out of employment and compelled to wander up and down the country, like tramps, seeking work. Then, when by an artificial development of manufactures in the way I have described, you had disturbed and disorganized the business of the country, by producing the most gigantic glut of manufactured goods that this country had ever experienced, finding that your manufactures had suddenly to stop until the demand could catch up with the supply, you turned around and blamed your panic upon another party that really had nothing to do with it. Now, I do not say that it was your intention, by enacting your McKinley law, to create a panic.

I do not say that it was your intention by your Sherman act legislation to produce any disturbance in the finances of the country; but I do say that by your financial legislation and your tariff legislation, especially your Sherman silver act and your McKinley bill, you did more to bring hardship, want, distress, and misery upon the American people than was done by all the other legislation that has been on our statute books since the year 1837. And now when a proposition is made here to do something for the benefit of the country which you have plunged into distress, when a bill regu-

lating the financial system of your land is, as it were, tossed into the House of Representatives without recommendation, with every opportunity for amendment, with every opportunity given to perfect it and make it not a party bill but a bill for the benefit of all the country, I say it is as much the duty of the Republicans as it is of the Democrats to try to improve that bill and see if we can not together accomplish some good for the entire country by enacting it or something similar into law.

But as I understand the attitude of gentlemen on the other side, it is this: "You shall have no financial legislation unless it be of Republican origin; you shall have no legislation to try to improve the financial condition of the country unless it be legislation that we Republicans ourselves agree upon and pass, and you must wait a year until we take hold." That is the spirit with which one side of the House, the Republican side, meets this great question. On the other side we find a disposition on the part of some gentlemen to say: "Unless you give us unlimited coinage of silver at the ratio of 16 to 1 you shall have no financial legislation to improve the condition of the people." Mr. Chairman, between ideas and influences of this character I fear the present bill is going to have a very troublesome voyage as it sails its way along through the House.

This is not the spirit of the fathers. This is not the voice of the Clays, Calhouns, or the Websters of a happier and a purer day. This is not the example of Lincoln, Sumner, Seward, and Chase. In their day, when the enemy was at the gates, every voice said that all should see that the Republic suffered no harm. But I say it is your duty, Republican brethren, as well as the duty of the Democrats, to see that we do get some legislation at the present Congress which will do something to give the American people the kind of relief they should have.

How are you going to give them an elastic currency? Are you going to give them a currency by leaving the total amount of currency just as it is to-day in this country? We now have nearly \$1,700,000,000 of circulation throughout the country; it consists of greenbacks, of gold and silver, of gold and silver certificates, Treasury notes, and national-bank notes. If the business of the country should suddenly become three times as great as it is to-day, there is not the least provision under our present financial system for expanding that currency to the extent necessary to meet the new condition of business; and there is no provision to prevent the congesting of the money in a few centers. That is the situation in which we are to-day.

Mr. HENDERSON of Iowa. I have listened with some interest to my friend's arraignment of the Republican party—

Mr. PENDLETON of West Virginia. I always like to have you do that.

Mr. HENDERSON of Iowa. And I would like to know whether the gentleman is giving us the argument he made in West Virginia during the last campaign?

Mr. PENDLETON of West Virginia. No, sir; I did not talk on the financial question at all. I made the tariff my text.

Mr. HENDERSON of Iowa. But you arraigned the Republican party on the whole business.

Mr. PENDLETON of West Virginia. I arraigned the Republican brethren on extravagant expenditures—

Mr. HENDERSON of Iowa. It looks to me as though you were putting on record here the speech you made last fall—

Mr. PENDLETON of West Virginia. No, sir.

Mr. HENDERSON of Iowa. And if so I should like to know whether you got the people of West Virginia to believe what you are now saying.

Mr. PENDLETON of West Virginia. I am only putting on record the speech I am making now. If I had been able last fall to go to the Republican citizens of West Virginia and tell them—

Mr. HENDERSON of Iowa. Did not you give them the benefit of your ideas last fall?

Mr. PENDLETON of West Virginia. Let me get through. If I could have gone before the people of West Virginia while the last election was pending, especially the Republican citizens of that State, and have told them that a party which on every hill-top, in every valley, and on every plain of that State has proclaimed that it possesses the learning, the intelligence, and wisdom of all the people of the country would lie here supinely upon its back when a great financial measure for the benefit of the people was introduced into this House, doing nothing and attempting to do nothing and proclaiming that it did not intend to do anything, it is my opinion that instead of there being 13,000 Republican majority in West Virginia, that party would have been buried as dead as the corpse of ten thousand years ago.

Mr. HENDERSON of Iowa. Was the gentleman muzzled during the campaign?

Mr. PENDLETON of West Virginia. No, sir; but I did not think you were going to come here at this session and take this position.

Mr. HENDERSON of Iowa. It is a great misfortune West Virginia did not hear you.

Mr. PENDLETON of West Virginia. Certainly it was a great misfortune. You and I agree on that.

Mr. HENDERSON of Iowa. Yes; and I am lying like a thief when I say so. [Laughter.]

Mr. PENDLETON of West Virginia. The gentleman and I agree entirely on that proposition. As to your capacity for "lying," I have nothing to do with that; and I desire to have nothing to do with it. The gentleman can reserve to himself the amplest capacity for "lying" that he may desire to have. West Virginians know nothing about that kind of politics. We try to tell the truth.

Mr. HENDERSON of Iowa. It is too bad that West Virginia did not hear you last fall.

Mr. PENDLETON of West Virginia. Now to come back to the question at issue—the bill before the House. As I have said, I do not suppose there is a single man present who is in favor of this bill as it was presented to the House of Representatives. I do not suppose a single member of the committee is for the bill without the dotting of an "i" or the crossing of a "t." And that is one reason why I like this bill. It has been thrown by the committee into the House of Representatives without recommendation, with the widest opportunity for debate that could reasonably be asked under our rules, in harmony with the duration of the present session.

It has been thrown in here that the 356 members of this House, one and all, Republicans and Populists and Democrats, may try to respond to the duty that has devolved upon them under the commissions which they hold to legislate in this Hall for the American people. It is just as much the duty of my friend, General HENDERSON of Iowa—because he is a gentleman of far more experience and learning and national reputation than I, and has been for a long time a great leader among the people—I say it is his duty if he disapproves of this bill, if he does not believe in it, but knows that the people are suffering, and that while men are fiddling Rome is burning—it is his duty on this floor to suggest something better than has been offered; and if his proposition be such as commends itself to my discretion, such as I can advocate, I will welcome it just as heartily from General HENDERSON of Iowa as I would from John G. Carlisle, of Kentucky.

So that our Republican brethren, when they leave this House on the 4th of March next and go home and tell the people that a great financial measure for their relief was before the House, and they had ample power to amend and improve it—they must not tell the people that they did not embrace such an opportunity because they were not in the majority. It is their duty to contribute their mite; it is their duty to contribute their information to the general fund. But, Mr. Chairman, instead of that, when they have been asked to contribute in that regard and not to wait a year, until December next, to show the country what they could or might do, their answer is in substance that they will have nothing to do with the bill; that they are only here to obstruct.

I think the system that has been advanced in this bill is a strong and a sound one in many respects. I do not agree with it in all of its details; I do not accept it in toto, but I think that it responds to the demands of our people in favor of an elastic currency. What is the system? It is hardly necessary for me to go through it in detail, for the House has had it already ad nauseam. Everybody has probably heard what it is. It means that any banking association with a capital stock of say \$100,000 may take out, under the regulations provided in the bill, 75 per cent of its capital stock in circulation and use that as bank notes are ordinarily used; that is to say, it may take out \$75,000 of circulation for every \$100,000 of capital.

As security for the notes it proposes to use, what does the bill do? It requires that 30 per cent of that circulation in greenbacks or Treasury notes of the act of 1890, or about \$22,500 on every \$75,000, shall be left with the Treasurer of the United States as security for the redemption of the notes. In addition to that, all of the banks that enter into the system are taxed one-half of 1 per cent per annum upon their circulation, all of which is to be collected and paid into the Treasury of the United States to form a fund called a safety fund, and that system of taxation is kept up until that fund reaches an amount equal to 5 per cent of the outstanding circulation of all the banks. Here is ample security for the safety of the notes. In addition to this the notes of each bank are to be a first lien upon all the assets of the bank issuing them. Each stockholder of a failed bank is to be liable for the notes of the bank to an amount equal to his holding of stock. Thirty-one years of experience have shown under the present national banking system that the redemption fund of 5 per cent now required has always proved sufficient to redeem the notes of the national banks that have failed during that time. It is not likely that the guarantee fund of 30 per cent would ever be called into use.

I do not believe that any system could be presented here which would make them stronger or safer. I do not believe that better security in all respects for the safety of the notes could be invented. It is better than the security offered by the Bank of England for

its issues. Take the Bank of England to-day. It issues its notes, and in every hour of its history of two hundred years there never has been one moment that the bank was not able to redeem its notes. It has been in existence ever since 1694, and during that long period of two centuries the Bank of England notes have been, throughout all the civilized world, as good as gold. And yet the security for the Bank of England note is not as good as the security proposed here.

Mr. HEPBURN. Will the gentleman allow me to ask him a question for information?

Mr. PENDLETON of West Virginia. Certainly.

Mr. HEPBURN. I would like to ask for information, while the gentleman is on that branch of the subject, this question: It is stated that a tax of one-half of 1 per cent a year must be levied on all of the banks to form the safety fund.

Mr. PENDLETON of West Virginia. Yes.

Mr. HEPBURN. It will take ten years to form that fund in its completeness. Now I want to ask, during that period when the statute fixes the limit of the tax, namely, one-half of 1 per cent a year, would a bank be liable to be required to make good the deficit in the safety fund at any period before the expiration of the ten years?

Mr. PENDLETON of West Virginia. I think it would. I think that is the spirit of the bill, but it may require some verbal corrections in order to make it complete.

Mr. KEM. Will the gentleman yield to me for a question in this connection?

Mr. PENDLETON of West Virginia. Certainly.

Mr. KEM. You said a few moments ago that the Bank of England had been always able to redeem its notes in gold during all of the years of its existence, some two hundred years.

Mr. PENDLETON of West Virginia. Yes, sir.

Mr. KEM. Now, for information, will the gentleman please state how many times the Bank of England has suspended specie payments?

Mr. PENDLETON of West Virginia. Never.

Mr. GEAR. The gentleman is mistaken in that.

Mr. KEM. I am sure the gentleman would not go on record with that statement.

Mr. PENDLETON of West Virginia. I know that in 1797 the Bank—

Mr. GEAR. Let me call the gentleman's attention to the fact that the bank suspended specie payments half a dozen times since it resumed, originally, after the Napoleonic wars, by orders of the Government Council.

Mr. PENDLETON of West Virginia. I never heard of a suspension of specie payment except in 1797, when the bank was forced to pay out pennies and small silver coins in its business—

Mr. GEAR. I am sure the gentleman wants to be correct.

Mr. PENDLETON of West Virginia. Certainly.

Mr. GEAR. The bank suspended specie payments six times by order of the British Council.

Mr. PENDLETON of West Virginia. The gentleman's information is superior to mine. That does not contradict my statement. It is true that the council has at different times compelled the bank to temporarily suspend specie payment, but the Bank of England has ultimately redeemed every obligation in gold and no one has ever lost a cent by holding a Bank of England note at any time during its long history of two hundred years.

But, Mr. Chairman, what is the security for the Bank of England notes? It is not anything like that which is offered here. Here is a security not only of the 30 per cent which is withheld in the Treasury, and here is the security of the 5 per cent safety fund added, and in addition to that here is a security of all of the assets of the insolvent bank.

We have, then, the security of all of the assets of the broken bank in addition to the security which comes from the double liability of the stockholder and the compulsory liability of all of the banks to be exposed to assessment in order to make up a deficiency or failure in the 5 per cent guaranty fund, and that provision makes every bank in the system responsible for the money that may be issued by the other banks—the greatest security that could be given. I do not believe you could to-day make any security of the United States as strong; certainly you could not make it stronger than that. The Government in the time of storm, in stress, has never yet been able to maintain its credit unimpaired. During the civil war when the Chemical Bank of New York, a private institution in that city, was able to stand the pressure and able to help the other banks and institutions that were in trouble, the Government credit ran down until the obligations of the Government were worth but little more than one-third of their face value. But I do not believe that the time will ever come when the entire bank capital of the United States could be wiped out under this system.

I do not believe that the time would ever come in our history when the entire assets embarked in the 4,000 national banks in the country to-day, or any other 4,000 banks, could be so completely

destroyed as to make them unable to meet the notes that would be issued under this system.

Mr. HEPBURN. May I be permitted to suggest to the gentleman in this connection that there are 3,800 of these national banks?

Mr. PENDLETON of West Virginia. Something over 3,700.

Mr. HEPBURN. The failure of 100 banks, perhaps, during the year, would not be a large number; but has the gentleman ever thought that to make these requisitions good would require the writing of 380,000 requisitions upon these banks?

Mr. PENDLETON of West Virginia. I do not suppose that would be any great amount of trouble. I suppose they could easily write 3,800 letters.

Mr. HEPBURN. Three hundred and eighty thousand.

Mr. PENDLETON of West Virginia. I thought you said 3,800 letters? Why should you write 380,000 letters?

Mr. HEPBURN. Because there might be a hundred failures in a year, at a small estimate, and a requisition would have to be made upon each bank for each failure.

Mr. PENDLETON of West Virginia. Well, I think that could be done without any trouble, but at the same time I think my friend is a little imaginary in his idea. It might necessitate a little more clerk hire. Take any average of one hundred banks, and if during the year they fail, that of itself would not be sufficient to begin to use up the safety fund. In order to suppose that these notes would not be good in the hands of the people, you have to suppose that nearly four thousand million dollars' worth of the assets of the banks are nine-tenths utterly destroyed, and, in addition to that, you have to suppose that the whole guaranty and safety fund in the Treasury would be wiped out. Now, you have in existence what? You have a guaranty fund of 30 per cent of the circulation, and you have a safety fund of 5 per cent. In addition to that, you have the total assets of 3,800 or 3,900 banks, with four thousand million dollars capital—all to redeem what? At the outside, not over five hundred millions of circulating medium. You have that gigantic capital, and never in the history of our country has any commercial disaster of any kind, any ruin or desolation that has fallen upon our country, ever destroyed one-twentieth part of that quantity of banking capital. Why, in the panic of 1893, when we had this great commotion, only about 140 or 150 banks suspended.

Mr. GEAR. Suppose we had such a panic as we had in 1857-1860, when all the banks went under?

Mr. PENDLETON of West Virginia. The banks might suspend, but the assets of the banks would be there. We have had many panics that compelled banks temporarily to close up their business, but we never yet in the present century have had a panic in this country nor in any other civilized country that wiped out or destroyed one-third, or one-fourth, or even so much as one-tenth of the assets of the banks engaged in the banking business.

Mr. HEPBURN. Admitting that the bill holder might ultimately secure his money, what would the business of the country do during that time when these banks were in suspension, or perhaps in process of liquidation? While you were trying to realize upon the assets what would become of the circulation?

Mr. PENDLETON of West Virginia. I do not think there would be any trouble about it. I think the circulation would just go on, because that feeling of confidence would be among the people, who, knowing that all these assets were to meet these notes, would know that it was just as good security as the National Government itself.

Mr. GEAR. I call the gentleman's attention to the fact that during the panic of 1857-1860 hundreds of banks suspended.

Mr. PENDLETON of West Virginia. I know.

Mr. GEAR. Hundreds of banks failed.

Mr. PENDLETON of West Virginia. I know.

Mr. GEAR. And never paid the bill holders anything?

Mr. PENDLETON of West Virginia. I do not know anything about that; but I know this, and the gentleman will not dispute it, that no commercial disaster ever occurred in any year in the history of this country which wiped out or destroyed one-tenth of the assets of the banking system of the country.

Mr. GEAR. Let me call the attention of my friend to the fact that under the wild-cat system there were no assets.

Mr. PENDLETON of West Virginia. I am talking with regard to national banks, not wild-cat banks. We do not propose any wild-cat banks under this bill. We propose banks with assets. If they have none they will be promptly closed.

Mr. GEAR. The national banks as we have them to-day are one thing, but the national banking system proposed under this bill is another.

Mr. PENDLETON of West Virginia. Recollect that I am talking simply with reference to the national banking system, and not with reference to the other part of the bill at present. When I get to that I hope to be able to satisfy the gentleman.

The CHAIRMAN. The time of the gentleman from West Virginia [Mr. PENDLETON] has expired.

The Currency.

SPEECH
OFHON. R. E. DE FOREST,
OF CONNECTICUT.

IN THE HOUSE OF REPRESENTATIVES,

Friday, December 21, 1894.

On the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes.

Mr. DE FOREST said:

Mr. SPEAKER: The existence of dangerous defects in our present financial system and the imperative necessity of immediate Federal legislation to correct them appear to be universally conceded.

Upon this one point at least all the discordant theories of opposing parties, of rival sections, of selfish schemers, and concerted theorists blend into harmony.

Moreover, the officers of the Government, from the President down, burdened by the actual experience of the difficulties and dangers now attending the management of the Treasury, proclaim the need of such relief—the business public demands it. The press, of all shades of opinion, clamors for it. No gentleman upon the floor of either House of Congress denies the justice of this appeal.

It must, therefore, be admitted that no conscientious member of this body will refuse to contribute his strongest efforts to the enactment of some law—the best law that under the circumstances can be agreed upon for the attainment of this end.

Impressed with this sense of duty, I shall vote for the bill presented by the committee in its revised form, believing that, of all the projects submitted, it is the one most calculated to gain the approval of the majority of the House, one from which no evil results can be reasonably apprehended, and one which, to some degree at least, promises escape from the perils that now environ us.

It does not in every respect conform to my individual opinions or to the preferences of all my constituents. It would be folly to expect it. The member of Congress who expects to stamp the peculiar conceit of his own brain or of his own section on every line of every statute for which he casts his vote has failed to learn the first lesson in legislation. We gather here from widely separated and differently situated localities, we represent constituencies of all peculiarities of sentiment and thought and of vastly diverse and often conflicting interests.

In the enactment of laws for our common government each is expected to contribute the views and present the claims of his own district, but it is equally expected that in every case the result of our deliberations will partake of the nature of a compromise.

The committee of the House to whom this matter was referred have considered it and reported upon it from that practical standpoint; have heard the testimony and listened to the argument of the representatives of every quarter and of the exponent of every financial doctrine, and have recommended this bill, not as the perfection of wisdom, not as exclusively embodying the ideas of any particular school, but as one conducing to certain general results desired by the great majority, and so freed from objectionable features as to invite the support of all who in the scale of motive hold the love of country above private greed or party zeal.

And, sir, I must be permitted to say that, all other considerations aside, in my humble judgment, almost if not quite a sufficient guaranty of the wisdom of this measure is found in the character of the opposition that assails it.

One wing of this opposition is composed of that school of philosophers who profess to believe that the material salvation of society depends upon the unlimited coinage of silver at the ratio of 16 to 1. It is the voice of the mine owner asking the Government to furnish him a market for his product. It is the voice of the insolvent debtor yearning for that happy time when he can discharge his financial obligations by paying 50 cents on a dollar.

There doubtless is an element of popularity in this cry.

In those sections of the Union where its mineral wealth has fallen into certain dominant hands that hold the laboring population in their power by giving or withholding employment at their option, and where by the unscrupulous exercise of that power that population has been made to believe that their livelihood depends upon the governmental purchase and consumption of silver, it is easy to see that free-coinage statesmanship is a simple and flowery pathway to greatness.

Again, in those sections where a majority of the people have borrowed from wealthier sections and are unable to pay, that prophet who depicts in glowing colors the coming year of jubilee, in which by an abundant supply of cheap money that burden of indebtedness can be lifted at half price, will undoubtedly be received and

heard and followed and supported with boundless devotion and enthusiasm. This sentiment is no more than might be expected from a purely local and selfish standpoint, and men, perhaps, can not be fairly blamed for it, in view of the stupendous examples of class legislation that have been set in the proceedings of Congress during the last thirty years. But it is none the less a dangerous departure from sound, safe, and honest principles of government; it is none the less an attempt to prostitute the powers of the State to private, not to say dishonorable, purposes; it is none the less an attempt to perpetuate robbery under the forms of law.

It stands upon no foundation of public good. It rises to no height of pure philanthropy or comprehensive patriotism. It has no legitimate place and deserves no recognition in the field of our Federal operations. And the more its advocates antagonize the pending bill the more the pending bill is commended to our favorable consideration.

Another wing of the opposition is made up of our Republican friends. Admitting the urgent necessity for some such legislation, assuming to be veritable paragons of wisdom and virtue in public affairs, pretending that they know precisely what ought to be done and how to do it, bound, moreover, as they are by their solemn oath of office to use their utmost endeavors to provide such laws as the general welfare requires, they nevertheless, without any other apparent excuse or pretext than the hope of some paltry partisan advantage, ignore that solemn and sworn obligation, and presenting no substitute and offering no suggestion, substantially by their conduct avow their determination to defeat any measure, no matter what its merits may be, formulated by the present House to avert the impending financial dangers.

The hostility to any measure of a party that will deliberately place itself in such an attitude is strong evidence in favor of its enactment. It is safe to assume that a party governed by such motives would be more apt to oppose a bill of Democratic origin by reason of its recognized merits than because of its alleged defects.

True it certainly is that the Republican party has good reason to distrust itself and the public has good reason to distrust it in any part it may attempt to play in the monetary and economic affairs of the country. Among many, perhaps the most cogent reason for action to-day is found in the fact that the incoming Congress will be under Republican control.

We have been passing through and have not yet fully recovered from a financial and industrial depression which derived its origin and destructive force from the period of Republican supremacy and chiefly by means of Republican misgovernment.

The stupendous fraud practiced upon the people in the recent election by folly on the one hand and falsehood on the other, the fraud by which the recent business reverses and labor losses were charged to the Democratic party instead of to their real Republican authors, is, of course, obvious to every intelligent student of history. The bankrupt condition of the Government, the disturbed and enfeebled state of every kind of private enterprise, the impairment of capital, the loss and reduction of wages, which culminated in the early months of the present Administration, before the Democratic party, just coming into power, had been able to enact a single law or enforce a single line of its policy, every thoughtful citizen well knows, and every honest one will admit, the Democratic party was not in the slightest degree or particular responsible for.

It was, however, and no sophistry or falsehood can disguise the truth—it was the natural, anticipated, and distinctly predicted result of vicious Republican legislation then in force, and which for many years had been drawing us on to this ruinous crisis—vicious financial legislation, vicious tariff legislation.

And, sir, both these vicious and ruinous policies of legislation were persevered in by that party against the light, in the face of their own testimony, and with full knowledge of their disastrous tendencies.

When that party inflicted the Sherman silver-purchasing law upon the country its managers knew its dangerous character as well as when they conceded the necessity for its repeal.

They had before their eyes the practical and unmistakable demonstration of that dangerous character in the experiment in silver purchase and silver coinage which they had been carrying on since 1878. They very well knew that the uniform effect of that experiment had been the greater and greater depreciation of the intrinsic value of that metal, and that its continuance meant an inevitable drift toward the silver standard, public and private debt repudiation, and the endless train of calamities and dishonors accompanying such a course and involved in such a conclusion.

Yet they deliberately passed that law, doubling the annual governmental purchase of silver, doubling the speed and certainty of our progress toward that financial stringency which constituted the most potent factor in the recent depression. They did it against the light; against the testimony of their own consciences—House, Senate, and President; that party of great moral ideas, that assumes, through its press, and through the utterances of that same dis-

tinguished gentleman, ex-President Harrison, who signed the bill, and through its orators upon this floor and in the Senate who were parties to that business, assumes to teach political virtue and wisdom to its opponents. They did it—and they did it, as the hand of impartial history has recorded it, and as to all time it shall stand so recorded—from no other reason or motive than to gain by that base means, at their country's expense, the support in the then coming Presidential election of those States that were seeking, and thereby obtained, a market for their silver.

Well, indeed, may the people distrust a party that thus flagrantly betrayed the public weal; well, indeed, may they look with profound solicitude to the present Congress for the perfection of those currency reforms inaugurated by the Democratic party in the repeal of the Sherman silver law.

The incoming Congress can not safely be intrusted with this important work. That Congress will be controlled by the same distinguished gentlemen who before this bartered away the welfare of the land for the support of silver-mining communities. Another Presidential election is coming on. Republican success in the Electoral College and supremacy in the Senate may again depend upon those Northwestern boroughs created by that party for that purpose. The same unscrupulous spirit that prompted the former betrayal may lead to its repetition. We hear to-day ominous mutterings from Republican oracles pointing in that direction. Our only safety lies in such a prompt and thorough settlement of the question by the present session of Congress as will leave no necessity or excuse for its subsequent agitation.

Again, the tariff policy and legislation of the Republican party was one of the principal causes of our recent depression; and this also that party persevered in against the teaching of all experience and the dictates of their own better knowledge. In the earlier and better days of that party, before it had entered into the infamous league which it afterwards formed with special interests to rob the great body of the taxpayers for the enrichment of a privileged class, its great founders and leaders, almost without a single exception, pronounced in favor of tariff reduction, and such reduction it repeatedly, expressly promised in its national platforms. In 1882 its own tariff commission, composed chiefly of Republicans, appointed by a Republican President, pursuant to a vote of a Republican Congress, after the most careful, thorough, and impartial investigation of the entire subject, and speaking with reference to the tariff then in force, a tariff far lower than those that have since prevailed, in their report made use of this significant language:

Early in its deliberations the commission became convinced that a substantial reduction of tariff duties is demanded, not by a mere indiscriminate popular clamor, but by the best conservative opinions of the country, including that which in former times has been most strenuous for the preservation of our national industrial defenses. Such a reduction of the existing tariff the commission regards not only as a due recognition of public sentiment and a measure of justice to consumers, but one conducive to the general industrial prosperity, and which, though it may be temporarily inconvenient, will be ultimately beneficial to the special interests affected by such reduction.

No rates of defensive duties except for the establishment of new industries, which more than equalize the conditions of labor and capital with those of foreign competitors, can be justified. Excessive duties of those above such standard of equalization are positively injurious to the interests which they are supposed to benefit. They encourage the investment of capital in manufacturing enterprise by rash and unskillful speculators, to be followed by disaster to the adventurers and their employees, and a plethora of commodities which deranges the operations of skilled and prudent enterprise. Numerous examples of such disasters and derangement occurred during and shortly after the excessive protective period of the late war, when tariff duties were enhanced by the rates of foreign exchange and premiums upon gold.

Excessive duties generally, or exceptionally high duties in particular cases, discredit our whole national economic system and furnish plausible arguments for its complete subversion. They serve to increase uncertainty on the part of industrial enterprise, whether it shall enlarge or contract its operation, and take from commerce as well as production the sense of stability required for extended undertakings. It would seem that the rates of duties under the existing tariff, fixed for the most part during the war under the evident necessity at that time of stimulating to its utmost extent all domestic production, might be adapted through reductions to the present conditions of peace requiring no such extraordinary stimulus. And in the mechanical and manufacturing industries, especially those which have been long established, it would seem that the improvements in machinery and processes made within the last twenty years and in the high scale of productivity which has become a characteristic of their establishments would permit our manufacturers to compete with their foreign rivals under a substantial reduction of existing duties.

Entertaining these views, the commission has sought to present a scheme of tariff duties in which substantial reduction should be the distinguishing feature. The average reduction in rates, including that from the enlargement of the free list and the abolition of the duties on charges and commissions at which the commission has aimed is not less on the average than 20 per cent, and it is the opinion of the commission that the reduction will reach 25 per cent. The reduction, slight in some cases, in others not attempted, is in many cases from 40 per cent to 50 per cent.

But the Republican Congress to which that report was made turned a deaf ear to its warnings, and in response to the demands and promises of its monopoly seeking favorites increased instead of reducing tariff taxation.

Then once more, in 1890, having again in the previous campaign given out the assurance that if intrusted with a further lease of power tariff rates should be reduced, in place of the relief thus

solemnly and repeatedly promised, they gave us the crowning violation of all pledges in the yet higher and more extortionate and even prohibitory rates of the McKinley law.

The natural results of such folly in the disarrangement and discouragement of all legitimate industry precisely as prophesied by the Tariff Commission, came in the period of hard times through which the country has lately been passing.

We have seen the "investment of capital in manufacturing enterprises by rash and unskillful speculators to be followed by disaster to the adventurers and their employees, deranging the operations of skilled and prudent enterprise." We have seen how the "excessive duties generally—the exceptionally high duties in particular cases," thus imposed upon the people by the Republican party, not only prohibited importations till the Treasury was bankrupt and distrust and stagnation thereby created in every department of industry, not only raised the price of all the necessities of life and thus added to the distresses of the laboring poor, but also "discredited our whole national economic system—increased uncertainty on the part of industrial enterprise whether it should enlarge or contract its operations, and took from commerce as well as from production the sense of stability required for extended undertakings," just as the Tariff Commission of 1882 foretold.

These afflictions came upon us under the McKinley tariff law, as a result of that species of legislation; a result which the Republican party well understood, as we have seen, would be the inevitable consequence of such a policy; a result clearly anticipated, and knowingly and deliberately precipitated by them in perfidious violation of repeated promises to the country, in obedience to the demands, in compliance with the inducements of an unscrupulous lobby.

With a due regard, therefore, for the general welfare, this Congress can not permit any important question to pass unsettled into the hands of a party that has thus proved itself recreant to its trust.

True it is that our Republican friends have professed some degree of contrition, and have intimated that in future they will pursue a more conscientious and judicious course. True it is that they have admitted their error in the passage of the silver purchasing law, and conceded the necessity for its repeal. True it is that some of their leaders have apologized for McKinleyism, and said that the excessive rates of that law were due to some mistake in the formation of the Committee of Ways and Means under Speaker REED.

But, unfortunately, these same distinguished gentlemen have more than once before made similar professions when on the stump and ignored them when in authority.

Besides, there is a tone of ambiguity in the voice of the prophet. The buzzing of the Presidential bee mingles with and tempers the notes of the soothsayer. The distinguished gentleman from Maine, who sings the same old song of high protection to the Home Market Club in Boston, in Ann Arbor says McKinleyism was a mistake. In New England he says the reformed tariff enacted by the Democratic party last September assassinated American industry. To New York and points further west, he says that he and the other statesmen, who assume to be the guardian angels of that American industry, will not attempt to rescue it from the hands of the spoiler, at any rate until after the next Presidential election, and that in the meantime he and the other angels will study up the situation and endeavor to find out whether the murdered industry really desires any tariff changes at all, or on the whole would prefer to go on being assassinated.

Here is a distressing uncertainty. We hardly know what to expect.

Judging, however, from the light of experience, it is probable that if by such plausible utterances as these such flexible and accommodating assurances, adapted to the differing tastes and opinions of the several localities to which they are addressed, these statesmen succeed in again obtaining control of every branch of the Government we shall have the same old play reenacted—promises again repudiated, the interests of the consumer and the rights of the taxpayer trampled out of sight, the deluded laborer under collar and whip like a dray horse, fastened to the chariot of protection in which political hypocrisy and avaricious monopoly together triumphantly ride, and the work of Ways and Means committees, and Finance committees, and Banking and Currency committees bodily turned over and surrendered to the dictation and service of the rich, powerful, and privileged few.

It therefore behooves the Democratic party in the present Congress, while these momentous questions are still under its control, to place them, so far as possible, upon such a basis of stable and wholesome settlement as will render odious their further agitation.

The fear of this on the part of those who desire plausible pretexts for further class legislation is the principal secret of their opposition to the pending bill. They assail it, not because they consider it unnecessary, unsafe, or unjust, but because they are apprehensive that its passage will so obviate existing evils and

prove so satisfactory to the business public as to deprive them of the opportunity of safely promoting their party, sectional, and personal schemes under the pretense of a public exigency.

All of these elements of opposition to which I have alluded—the Republican element, the silver-mine element, the insolvent-debtor element—unwilling as they would perhaps be to acknowledge their relationship, “are of imagination all compact,” are born of the same pernicious theory—the theory of paternalism—the theory that the powers of the civil government should be exercised to regulate the private business affairs of the citizens—that it should be constituted a general trustee of the property rights of the whole people, and under the guise of the taxing power be permitted to give and to take away, to collect and to distribute, to fine and to reward, to oppress and to protect, at its mere discretion, without process of law or appeal to courts, or recognition of any legal principle, a doctrine that gives to Congress alone tyrannical sway over the toil, the trade, the possessions, and the opportunities of the people.

If such a doctrine is to prevail we may as well tear up our Constitution and burn the archives of our jurisprudence. If legislative favoritism is to usurp the place of legal muniment, let the poor and humble flee for protection to the embraces of Oriental despotism. For nothing is more certain than that under the operations of such a system modest merit, helpless weakness, and silent suffering will pass unnoticed, while soulless avarice, oppressive arrogance, and brazen importunity will gather in the spoils.

In my judgment, sir, the paramount duty of the hour is to throttle this insidious foe of free institutions, that under alluring promises of material aid would rivet again the shackles of arbitrary tyranny on the limbs of American freemen.

All issues of mere finance and economies are of little consequence in comparison with this. What care we for the mess of pottage if our birthright of freedom is being bartered away? Why should we fritter away our time and energies over considerations of mint, anise, and cumin, and forget the weightier matters of the law?

Entirely apart from the particular merits of the pending bill if by its passage we defeat and rebuke that enemy of constitutional government whose various forces here seem to be arrayed against it, if we thereby repel the advance of that enemy against the portals of our rights, if we thereby deprive it of one of its fraudulent pretexts for enslaving mankind in the name of protection, depend upon it we shall serve our country well.

The Currency.

SPEECH

OF

HON. ROBERT ADAMS, JR.,

OF PENNSYLVANIA.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, January 3, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. ADAMS of Pennsylvania said:

Mr. CHAIRMAN: The numerous resolutions and memorials which I have received from my district make it incumbent on me to enter a protest, as their Representative, against the passage of this bill.

What is demanded by the manufacturing and business interests of the district which I have the honor to represent, and what, in my opinion the country at large needs, is rest; peace to continue their avocations and to develop the resources of our country.

Ever since the incoming of this Administration—and I speak, sir, in no partisan sense—our country has been in a state of financial and business turmoil. The silver question for six long months agitated this country, until it was finally settled by the patriotic efforts of the men of both political parties.

No sooner was this question removed from the arena of agitation than the tariff question was precipitated upon the country, and again business waited in suspense to see what its outcome would be.

At the adjournment of the first session of this Congress last August a spirit of business revival began, the people took heart, the mills opened, some employment was received, and the outlook was more propitious, at least for a time. But no sooner did this session of Congress assemble than the party in power, which is responsible for its direction, precipitated another issue into the halls of legislation, which has again brought business to a stand-

still and made people halt and wait before entering into any new financial relations.

What is the necessity, sir, for the introduction of this measure at this time? It is claimed that our currency lacks those qualifications which tend to business prosperity and that that is the necessity for this measure.

There are three qualifications which seem to be universally admitted, which tend to form a sound currency. The first is security, the second is uniformity, and the third is elasticity.

Great should be the pressure to force this question upon the country. Let us see if any of these three reasons are of sufficient force to press this question into the halls of legislation at the present time.

First, as to the security. The present issues being based upon the deposit of Government bonds with the United States Treasury, the fear was raised that owing to the rapidity with which the national debt was being paid off, this kind of security might no longer exist with which to secure the said issues. But, sir, surely that question has been removed by the necessities of the Treasury under the present Administration, \$100,000,000 of bonds having been placed upon the market; and, as far as human foresight can see, further issues will be necessary, owing to the exigencies of the Treasury. Therefore, the lack of security for the foundation of the issue of national bank notes is removed, at least for the present.

The second qualification, that of uniformity, is surely not going to be met by the provisions of this bill. I will refer to that further on; but it is sufficient to refer simply to the one fact, that the bill authorizes State banks to come again into numerous existence. This means at least forty-four different kinds of currency, in accordance with the different laws of the forty-four States.

Furthermore, the reason of elasticity is not pressing at present. With \$100,000,000 lying in the vaults of the banks of New York, which can not be loaned out at 1 per cent, there is no immediate pressure in regard to this qualification of our currency. Therefore, sir, I repeat, I rise to protest not only against the passage but the agitation of this measure at this time, in the interest of the district which I have the honor to represent, in which there are business, mercantile, and manufacturing interests equal to those of any district of the United States.

Sir, if this necessity does not exist in pressing form, this question should not be precipitated upon the country at this time. We are beginning to realize what the agitation we have already experienced during the past year, since the panic of 1893, on the two questions to which I have referred has cost this country. The mercantile and business returns for 1894 are beginning to come in. What do they show? The largest increase in the national debt in the history of our country in a time of peace has been made. The prices of commodities have fallen to the ruin of farmers and manufacturers. Iron has fallen \$1.50 a ton and wheat and cotton has touched the lowest point on record. The values of the leading railway shares has fallen \$125,000,000 and the net earnings of 136 railways decreased \$37,000,000 as compared with 1892, costing the bond and share holders \$15,000,000 of income. As compared with 1892-93 the bank clearings decreased 15 to 36 per cent monthly up to July. Since then they have gained 2 to 6 percent over the panic period of that year. Coal has averaged about 50 cents a ton less, making a loss of \$20,000,000 to the producers and a loss of 1,500,000 tons in the output as compared with 1893.

Let us consider what necessity required the introduction of this bill into the halls of Congress at this time and in so precipitate and undeliberative a way that the majority of the committee declared to be held personally responsible for its provisions and the minority was not even accorded the usual privilege of discussing it in committee.

Mr. SIMPSON. Will the gentleman allow me to ask him a question right there? I want to understand this matter as we go along. I take a deep interest in it. The gentleman said, if I understood him right, that the decline in the price of coal of 50 cents a ton was that much loss to the people of this country. Now does the gentleman mean loss to the people who produce the coal, or to the people who consume it?

Mr. ADAMS of Pennsylvania. I mean the people who form a part of the population of this country to the extent of thousands—the miners.

Mr. SIMPSON. You mean the people who mine the coal?

Mr. ADAMS of Pennsylvania. And I mean the people who own the railway shares and the bonds?

Mr. SIMPSON. Oh, that is it?

Mr. ADAMS of Pennsylvania. They have lost also.

Mr. SIMPSON. That is what I want to get at. I want a fair understanding as to the people upon whom these losses have fallen. If it has been a loss to the consumers of coal to have it reduced 50 cents a ton in price, I am surely shocked at that condition of affairs.

Mr. ADAMS of Pennsylvania. I will tell the gentleman upon whom the loss falls. Like all those of his party he wishes to speak as representing a single class; but when you come to legislate for

these great United States, you have got to consider all sorts and conditions of men, and you have got to consider the capitalist and the miner and the consumer; and I will tell the gentleman that when the producer is hard up, he has that much less to buy with, and it permeates through the whole country and reaches every section.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. ADAMS] has expired.

Mr. SIMPSON. I just want to make a suggestion. It occurs to me—

The CHAIRMAN. But the time of the gentleman from Pennsylvania has expired.

Mr. SIMPSON. I move that he be allowed time enough to finish his remarks.

The CHAIRMAN. But the time belongs to the gentleman from Illinois [Mr. HENDERSON].

Mr. SIMPSON. I ask that his time be extended ten minutes.

Mr. DALZELL. Can not the gentleman have unanimous consent that his time be extended?

The CHAIRMAN. The time reverts to the gentleman from Illinois [Mr. HENDERSON], if he claims the floor.

Mr. HENDERSON of Illinois. I reserve the balance of my time.

Mr. DALZELL. I ask unanimous consent that my colleague may have ten minutes to control—

Mr. SIMPSON. In his own right.

Mr. ADAMS of Pennsylvania. I should like twenty minutes.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. DALZELL] asks unanimous consent that the time of his colleague be extended ten minutes. Is there objection?

There was no objection.

Mr. PENCE. I ask that it be made twenty minutes.

The CHAIRMAN. The gentleman only asks ten.

Mr. PENCE. I ask that he may have twenty minutes. I heard the gentleman from Pennsylvania [Mr. ADAMS] say he would like twenty minutes.

The CHAIRMAN. The gentleman from Colorado [Mr. PENCE] asks unanimous consent that an additional ten minutes, or twenty minutes in all, be given to the gentleman from Pennsylvania [Mr. ADAMS]. Is there objection?

There was no objection.

Mr. SIMPSON. Now, Mr. Chairman, I hope the gentleman will yield to me for a question.

The CHAIRMAN. Does the gentleman yield to the gentleman from Kansas?

Mr. ADAMS of Pennsylvania. I want to be courteous. If I have the amount of time I will yield to the gentleman; but I want to conclude my remarks.

Mr. PENCE. Then I withdraw the ten minutes I asked for. [Laughter.]

The CHAIRMAN. The gentleman from Pennsylvania is entitled to control his time.

Mr. ADAMS of Pennsylvania. I yield one minute to the gentleman from Kansas.

Mr. SIMPSON. Mr. Chairman, I am with the gentleman in opposition to this bill. I understand his argument was that because of my belonging to a particular party I am in favor of a special class. I object to that, and desire to refute it. I am in favor of all classes. Now, when the gentleman said that a reduction in the price of coal of 50 cents a ton was a great calamity to the people of this country it occurred to me, inasmuch as the consumers of coal are so very much more numerous than the producers of coal, that it was not a calamity, and that it was really in the interest and for the benefit of the general public. I merely make this suggestion in order to prevent him from putting me in a wrong light.

Mr. ADAMS of Pennsylvania. I will answer the gentleman by stating that while the consumer may be benefited by the reduction in the price of coal, it would bring the miners to starvation wages; and if he should visit the State which I have the honor in part to represent he would find that there were thousands of miners whom this reduction of 50 cents a ton in the price of coal seriously affects.

Mr. PENCE. Will the gentleman permit me to ask him a question?

Mr. ADAMS of Pennsylvania. Yes.

Mr. PENCE. Did not this condition of starvation wages for Hungarians, imported as miners, exist before any reduction in the tariff upon coal?

Mr. ADAMS of Pennsylvania. No, sir. These people were well off and happy and living well, and we had no disturbances of any kind. [Laughter and jeers on the Democratic side.]

Now, I would like to ask the gentleman from Kansas a question; and that is, if the present value of wheat does not bear the same relation to the producer and the consumer as the price of coal?

Mr. SIMPSON. Mr. Chairman, I would say yes; that it certainly does, and it ought to under certain conditions, but that under our present system governing transportation, and the low

price of wheat, after it passes through the hands of monopoly—the milling and railroad monopolies—unfortunately the consumers do not get the benefit of it.

Mr. MILLIKEN. Is not that true of coal also?

Mr. SIMPSON. It is largely true also of coal.

Mr. ADAMS of Pennsylvania. The gentleman has now answered the question that he put to me in regard to coal himself, and after his answer it is not necessary that I should go any further.

Mr. WARNER. Will the gentleman allow me to ask him a question?

Mr. ADAMS of Pennsylvania. If the House will extend my time.

Mr. SIMPSON. Your time has been extended.

Mr. ADAMS of Pennsylvania. I really want to finish my remarks.

The CHAIRMAN. Does the gentleman from Pennsylvania yield to the gentleman from New York?

Mr. ADAMS of Pennsylvania. Not just now. I must decline to yield.

Dun's Review quotes wages as 1.2 per cent less in November, 1894, than November, 1893, and 8.59 per cent less than in November, 1892. The number of hands employed is larger than last year, but 12.02 per cent less than in 1892, while the loss in wages is 21.77 per cent as compared with November, 1893. This should have been a year of recuperation but for legislative disturbance, and I repeat, sir, that what the country needs at present is rest from this financial agitation.

Mr. WARNER. Will the gentleman yield now?

The CHAIRMAN. Does the gentleman yield to the gentleman from New York?

Mr. ADAMS of Pennsylvania. I can not yield.

The CHAIRMAN. The gentleman declines to yield.

Mr. TAYLOR of Indiana. We will give you more time.

Mr. ADAMS of Pennsylvania. I yield to the gentleman from New York for a question.

Mr. WARNER. My friend from Pennsylvania referred to coal being 50 cents a ton cheaper than heretofore and the general effect upon labor occupied in mining coal. Do I understand that the coal operators who own the mines have lately reduced the price of labor in Pennsylvania coal mines?

Mr. ADAMS of Pennsylvania. Yes, sir.

Mr. WARNER. How much have they reduced wages—50 cents a ton?

Mr. ADAMS of Pennsylvania. I can not answer. I suppose not that amount.

Mr. WARNER. Ten cents?

Mr. ADAMS of Pennsylvania. They are in line with the rest of the sufferers and governed by the same conditions which govern the others, and much of it depends upon freight charges.

Mr. WARNER. I want to find out how much labor has been reduced.

Mr. ADAMS of Pennsylvania. I can not answer that question.

Mr. WARNER. My impression is that there was no reduction made to the miners.

Mr. ADAMS of Pennsylvania. There has been a reduction made to the miners. I do not claim to the extent of 50 cents a ton.

Mr. WARNER. Has there been any reduction since the price of coal has been falling?

Mr. ADAMS of Pennsylvania. Yes, sir.

Mr. WARNER. How much?

Mr. ADAMS of Pennsylvania. Coal is 50 cents a ton cheaper.

Mr. WARNER. Has there been any reduction recently in Pennsylvania in the price of labor per ton?

Mr. ADAMS of Pennsylvania. What do you mean by recently?

Mr. TAYLOR of Indiana. Since the enactment of the tariff law.

Mr. ADAMS of Pennsylvania. Certainly not. If the gentleman had paid attention to what I was saying—

Mr. WARNER. When was the—

Mr. ADAMS of Pennsylvania. One moment. If the gentleman from New York had paid attention to what I was saying—I dare say it was not worthy of his great attention—but if he had—

Mr. WARNER. It is going to be.

Mr. ADAMS of Pennsylvania. Well, if he had paid attention he would have seen that I was simply calling attention to what this agitation has cost our country in the past and was quoting the statistics from Dun. I was not giving them as my own, but giving them as Dun's statistics that had come in at the close of the year.

Mr. WARNER. If I understood the gentleman, he said that the people of this country have been getting coal 50 cents per ton cheaper than before the passage of the Wilson bill, but he complained (and in that I sympathize with him) that perhaps some of the poor miners had been getting less for their work than they had received before. Now, I wanted to ascertain from the gentleman how much the miners had had to lose per ton in order to enable the people to get their coal 50 cents per ton cheaper. I was simply asking for information.

Mr. ADAMS of Pennsylvania. I will answer the gentleman

from the papers of this morning, which announce that one of the largest collieries in Pennsylvania has been compelled to shut down and throw its men out of employment because there is no market for the coal.

Mr. WARNER. Have there been as many collieries shut down this winter as there were the winter after the McKinley bill was passed?

Mr. ADAMS of Pennsylvania. Yes, sir.

Mr. WARNER. Has the gentleman any facts on that subject?

Mr. ADAMS of Pennsylvania. Mr. Chairman, I can not go on answering the gentleman's questions all day. I try to be courteous, but—

Mr. WARNER. I simply wish to ask the gentleman whether his statement is based on a general estimate or opinion, or whether he really knows the facts. Have you the Dun statistics of that period also?

Mr. ADAMS of Pennsylvania. The collieries have been shutting down ever since the Democratic party came into power. [Applause on the Republican side.]

Mr. WARNER. Were they not shutting down before the Democratic party came into power?

Mr. ADAMS of Pennsylvania. And if the Democratic party continues in power they will all shut down. [Laughter and applause on the Republican side.]

Mr. WARNER. Were not more of them shut down under the McKinley bill than there ever have been since?

Mr. ADAMS of Pennsylvania. There was not a man who lost a day's work by the passage of the McKinley bill, but the workmen have been losing wages ever since the passage of the Wilson bill.

Mr. WARNER. Were there not more cuttings-down after the McKinley bill was passed than there ever have been since?

Mr. PENCE. Mr. Chairman, as attorney for the speaker entitled to the floor, I object to the question. [Laughter.]

Mr. ADAMS of Pennsylvania. Mr. Chairman, I rather like these questions, and if my time was not so limited I should be glad to play the balance of the afternoon. [Laughter.]

The present banking system has served the country for over thirty years and while it can not claim to be perfect it has answered the needs of the country so well that we should move very cautiously and with deliberation in making changes, let alone abolishing it entirely. The holder of a national-bank note reads on its face that it is secured by a deposit of United States bonds with the General Government and no matter at what distance from the bank of issue he feels secure, for the faith of the Government is behind it. It is this characteristic more than any other that makes them received in all sections of our country without question. Even when burned or partially destroyed they are redeemed at their full or partial value as the presenter is able to establish. No man has ever lost a dollar through the worthlessness of a note of a national bank which has failed, while the liability of the stockholders to the additional amount of the value of their shares, together with the required reserve of 25 per cent of their deposits, have as a rule protected the depositors from serious if any loss.

The security in the act under consideration calls for a deposit of 30 per cent of the issue of notes to be made in legal tender and Treasury notes of the act of July 14, 1890. In addition a tax of one-half of 1 per cent on the average circulation is to be paid by each bank until it amounts to 5 per cent of all the national-bank notes outstanding. Should this security be insufficient, all the solvent banks are to be assessed pro rata to make up the deficit. To my mind this is offering a premium on illegitimate and speculative formation of banking associations, and I doubt if prudently managed institutions will enter into a system which holds them jointly liable for the recklessness and dishonesty of others. On the other hand, should they not accept the provisions of this bill they will be driven out of business by the greater profits under the more favorable provisions relating to the establishment of State banks. In either case the \$150,000,000 of national bonds owned by them will be thrown upon the market, thus hurting the credit of the Government. The defects claimed for our present currency, lack of uniformity, want of elasticity, and that the redemption of United States bonds removes the basis of security, do not exist in a pressing way at the present time.

This bill, by allowing the establishment of State banks, will practically create as many different currencies as the laws of the several States differ one from the other. With \$100,000,000 lying idle in New York loaning at 1 per cent, the question of elasticity need not trouble us at this time. Therefore, Mr. Chairman, I can see no necessity for the undue haste with which this measure has been brought, so far as our financial situation is concerned, relating to the currency. The issue of \$100,000,000 additional bonds in the endeavor to replenish the gold reserve, and with further issues plainly required, removes the fear of insufficient security available for deposit for national-bank notes, and so removes that necessity for the immediate consideration of the question.

The ostensible necessity offered for this bill is the depletion of the Treasury of its gold reserve. The best evidence of the hurried and short consideration of this measure is that, if enacted, it will utterly fail even in its professed purpose. If all the existing national banks under this bill took out 75 per cent of their capital and deposited the 30 per cent in legal tender and Treasury notes, it would retire but \$150,000,000 of the \$500,000,000 in circulation, thus leaving \$350,000,000 outstanding with which to draw the gold from the Treasury, sufficient to soon exhaust the \$100,000,000 it professes to hold in reserve for their redemption.

The causes of the drain of the gold reserve must be looked for elsewhere than want of faith in the currency alone. It is largely owing to the depletion of the revenues of the Government by the reduction of duties that the Treasury finds its income less than expenditures. Under these conditions the same result happens to a government as an individual firm, its promissory notes become discredited, and the people realize on them at once.

In proof of this I cite that of the gold withdrawals from the Treasury for the week ending December 23, out of the \$18,000,000 only \$3,500,000 was for foreign export. The gold reserve can not be maintained permanently by the issue of bonds for the very gold to purchase them is withdrawn after, if not before, the issue. Why does not the Secretary of the Treasury sell the bonds in Europe demanding the actual gold coin in payment? We would at least hold it longer in the Treasury than selling them in New York where the gold can be withdrawn within twenty-four hours. Having thus secured a foreign supply, put such difficulties around its export as foreign banks do, and give Europe to understand we will protect our reserve as well as they do. The balance of trade has been in our favor, and yet \$75,000,000 in gold has flown away from us, because we allow foreigners to recoup their gold reserve from us without cost. Vienna, Paris, and St. Petersburg buy gold from London and she draws it from us for nothing.

Mr. Chairman, I said the ostensible necessity for this bill was the depletion of the gold reserve. I will now state the real reason. The Democratic party realizes that the last chance it will have to legislate upon some of its favorite measures closes with this session of Congress for many years. Having failed in their effort to repeal the 10 per cent tax on State banks, they make one more expiring effort to rehabilitate their favorite bank scheme.

I again protest, Mr. Chairman, against legislation of this question so soon again to unsettle business conditions, especially as it has already been debated and decided adversely during the present session of Congress, when the chairman of the committee [Mr. SPRINGER] led the opposition to repeal the 10 per cent tax on State banks, which was defeated by a vote of 102 to 173 against said repeal, and we now behold the same gentleman reversing his position and sustaining this feature of the bill. Sir, a greater calamity could not befall our country than a return to the system of banking under the State laws. When this subject was under discussion last June, I brought and exhibited to the House a copy of Peterson's Bank Note Detector, a more forcible proof could not have been exhibited of the evils attending the existence of State banks. It was a necessary adjunct to every office of every store, bank, and countinghouse to determine the market value of each note as presented over the counter. There is nothing in this bill to make more safe the security of the note issue of State banks than existed at that time.

The provision to accumulate a 5 per cent safety fund for the national-bank issue in this bill does not apply to State banks. The 30 per cent security fund for this circulation is not to be deposited with the Treasurer of the United States, but with some State officer designated by State law. No provision is made that this deposit must be kept separate from the other State funds or preventing said State officers from redepositing the money in the bank that gave it as security for its circulation; no provision that State banks shall not loan on real-estate security, a class of loans that breed panics, as they are not quickly convertible at such times into current funds. The banks of the different States will exist under the laws of the several States, thus making as many different kinds of currency as the said laws may differ, and yet this bill is claimed to make our currency more homogeneous.

The object of this bill is to reestablish the wild-cat banking system that existed before the war. It shows it in its face and proves it in its provisions. National banks are taxed one-half of 1 per cent annually on their circulation and one-half of 1 per cent annually in addition for the safety fund. Why are State banks exempted? It is answered that the shareholders of State banks are individually liable. Who are the stockholders, and what will their assets to a great extent exist in but the shares and deposits of the failed bank, and when it goes they go, and when the note holders turn to the 30 per cent deposit held by the State and find that it was redeposited in the same bank, their notes of issue will sell for the price of old paper and the bank-note detector in its next issue will report them as of no value.

Who is to gather in and wind up the affairs of these banks? No

provision is even made for such settlement of the national banks in this bill, and the holders of State notes are left to the mercy of the State laws for their own issues. There is no provision for the maintaining of a 25 per cent reserve of the deposits in State banks as security for the depositors. The shareholders are only liable to the extent of their stock, and no assessment funded as under existing national-bank law. Under this bill national banks can issue no notes under \$10, while no such limitation is placed upon the issues of State banks. This is a great advantage, as the small notes are one of the most profitable issues of the national banks, and will be an inducement to the State banks to repeat their old methods of circulating their notes as far from home as possible in hopes they will never be called upon to redeem them, and ultimately they will be lost or destroyed, thus enhancing their profits at the cost of the people.

National banks are required to receive each other's notes in settlement of any liability. State banks are not. National banks must make reports five times a year to the Comptroller. State banks need not. National banks are required to report to the same officer their dividends declared and profits in excess of said dividends. State banks are not. National banks are subjected to visits by examiners to look into their affairs. State banks are not. National banks are restricted to one-tenth of their capital in any one loan and forbidden to loan on their own stock as collateral. State banks are not. A national bank retiring or reducing its circulation receives no rebate from the safety fund of the amount it had paid in to secure the said circulation about to be retired, which constitutes a loss. A State bank, having made no such contribution to the safety fund, can incur no such loss.

These provisions, so discriminating in favor of State banks, would ultimately drive the national banks out of existence or force them to reorganize under the State laws and thus lose to the people the value of the safety fund as provided in their case as national banks. The two facts that State banks are relieved of the 1 per cent tax and the mutual liability for failed banks place them at a disadvantage as compared with national banks under this bill.

Mr. Chairman, the debate already had on this bill has so demonstrated its impossibility as a practical measure, and so numerous are its faults that amendment was out of the question, that the committee has offered a substitute. The changes amount to but little and offer even further objections to this bill. The removal of the compulsion upon the national banks to come in under this pact or permitting them to retain their bond deposit as security for circulation, as at present, is done to avoid the catastrophe of \$700,000,000 of Government bonds being thrown upon the market and breaking down the credit of the Government in the hope that a slower change would avert that damage. That this will be futile is already demonstrated by the fall in price on the market of Government bonds, and, as I have already endeavored to show, the national banks will be compelled to adopt the State system under this bill, as competition will be impossible under the burdensome conditions placed upon them and not upon State banks. Besides, should they adopt the provision in the substitute, in this respect it would add one more kind of currency, which is certainly not a step toward uniformity.

Another provision in the substitute reimposes the tax for the safety fund the moment it falls below the 5 per cent limit of the whole circulation, thus making the national banks perpetually liable for the insolvency of the weaker ones, a burden not imposed on State banks, and another clause provides that notes of failed banks shall bear 6 per cent interest from date of suspension until thirty days after notice of their redemption is made, and be a first lien thereafter on all moneys received into the safety fund, thus increasing the liability of the national banks. None such imposed on State banks. The last amendment in the substitute endeavors to drive the nail into the coffin of the national banks by authorizing the Secretary of the Treasury and the Comptroller of the Currency, upon being satisfied that a State bank has complied with the State banking laws and certain conditions imposed by this act, to issue certificates to that effect, thus endeavoring to give these State corporations a national character while not imposing the same conditions as are meted out to the national banks.

I have thus endeavored to substantiate, Mr. Chairman, my claim, before advanced, that the real object is to rehabilitate the system of State banks. The people have a great interest in this question, far in excess of the bankers, who with their knowledge of the value of different issues of notes can always protect themselves. Indeed, large fortunes were made in discounting the notes of the various States to the loss of the innocent and hard-working owners who had received them in payment of their services. No such loss has been incurred by any man under the present banking system, and we should proceed with much more deliberation than has been accorded this measure.

Mr. Chairman, this whole question should be relegated to a commission to report to the incoming Congress.

[Here the hammer fell.]

The Currency.

SPEECH

OF

HON. WALTER GRESHAM,

OF TEXAS,

IN THE HOUSE OF REPRESENTATIVES,

Friday, January 4, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. GRESHAM said:

Mr. CHAIRMAN: In discussing a measure which is to meet the requirements of a great financial emergency like the one now confronting our country, we must take into consideration the changes in business methods that have been brought about by improved banking facilities and the application of electricity and steam to the uses of commerce. We must also consider the fact that the former duties of a bank were principally if not entirely confined to receiving moneys on deposit for safe-keeping and for discounting. But now, without the use of banks as mediums of exchange, the trade of our country and the commerce of the world could not be quickly and economically handled. The machinery of the banks is as essential to the business wants of the world as the steam engine that pulls the cars or the propeller that carries our commodities on the high seas. Formerly a vessel hunted the world for a market for her cargo, and after many months brought back what she received in exchange therefor. Now, by the use of electricity, her cargo is disposed of before she reaches her destination, its proceeds transmitted by bank exchange, and her return cargo secured and paid for through the same mediums, thus effecting a great saving in time and expense both to the shipowner and to the merchant. Formerly remote nations had little commercial intercourse. Now, through the improved methods of modern civilization, the uttermost parts of the earth are commercially nearer to the great markets of the world than many of the States of the Union were to each other fifty years ago.

You can now reach almost any quarter of the globe easier and in less time than the products from the frontier of Texas could thirty years ago be transferred to Galveston, its chief commercial city.

The result of these changes has demonstrated that a million dollars of gold to-day will transact more business in a shorter time and with less expense than ten times that amount would have done forty years ago.

Under our existing banking and monetary system we find the press and the Representatives of one section of the country complaining of a redundancy of our currency and a plethora of money, while those from other sections are clamoring for and demanding more money and greater facilities for securing a circulating medium. Some are willing to take "flatism" for money.

These are the conditions confronting us to-day. How are we to deal with them? Does the pending measure in any way tend to correct the evils? If it does, we should adopt it; if it does not, we should amend it so that it can be made to accomplish the desired ends.

The position taken by the South and West, that more money and better banking facilities are needed, can not be controverted by any man who knows the conditions of those sections of our country. I believe the complaints of a redundancy of currency which come from the East and from the great financial centers of the world, caused, as they say, by the laws, which force nearly \$500,000,000 of United States demand notes in circulation, at the expense of the credit of our Government, is also well founded. Can we in any way satisfy these apparently conflicting interests and adopt a plan to meet the needs of all sections? I believe we can, and that the proposed substitute, with certain amendments in regard to the sale of bonds as repeatedly recommended by the President and Secretary of the Treasury, will produce the desired results. The national banking system was devised as a war measure, while the nation was in the throes of a great revolution, and it had for its objects the creation of a market for the bonds of the Government and the retiring of a redundant and rapidly increasing national currency, and for these purposes it served its part well.

But now, after thirty years, you find the conditions that I have just described—too much money in one section and not enough in another. The present banking laws have evolved in the last thirty years two requisites that are essential to any successful banking system, whether in this or any other country. One is safety and the other uniformity.

SAFETY.

Does the proposed Carlisle substitute insure safety both as to depositors and as to note holders? I think it does. It provides that any banking association desiring to take out circulating notes may do so to an amount not exceeding 75 per cent of its paid-up and unimpaired capital upon depositing with the Treasurer of the United States legal-tender notes as a guaranty fund equal to 80 per cent of the circulating notes it proposes to then take out. As security for these notes we have—

First. A deposit of United States legal-tender notes in the Treasury of the United States equal in amount to 80 per cent of bank notes in circulation.

Second. We have a 5 per cent safety fund derived from a semi-annual tax of one-quarter of 1 per cent upon the circulating notes of all banks that may take out notes under the provisions of this act. This safety fund, if it had been in force since the organization of the present banking system, and this tax been continuously collected, the notes of every failing bank could have been paid and the amount of the safety fund remaining would have been \$50,000,000, and this without any increase of the burdens upon the banks under existing laws.

Third. We give to the note holder a first lien upon the assets of the bank. The experience of this country and of the balance of the world demonstrates that a bank currency, backed by such security and protected by such safeguards as will be thrown around it by the law, will be absolutely safe.

Mr. COX. Will my friend allow me to call his attention to the fact that additional to this is that liability of the stockholders?

Mr. GRESHAM. Yes; that is a part of the assets of the bank, I take it. The proposed plan is modeled after the Canadian system, but with additional security for the note holder. No holder of a Canadian bank note has ever lost a dollar thereof by reason of the bank's insolvency; and yet it is secured only by a first lien upon the assets of the bank, including the double liability of its stockholders, and by a safety fund equal in amount to 5 per cent of the notes issued by the banks, paid by the banks to the minister of finance and receiver-general.

Mr. DUNN. Will the gentleman allow me to ask him a question?

Mr. GRESHAM. Yes, sir.

Mr. DUNN. Do you believe it is constitutional for the Government to tax one enterprise for the benefit of another?

Mr. GRESHAM. I do, if the Government imposes the tax as a condition precedent to the exercise of a franchise.

Mr. WARNER. Do I understand the gentleman to suggest that under the present Canadian system a single dollar has ever been lost to any holder of a circulating note?

Mr. GRESHAM. I understand that there has not been a dollar lost.

Mr. WARNER. That is the fact. I misunderstood the gentleman.

Mr. GRESHAM. Mr. Chairman, the note holders under the Canadian system, with only a 5 per cent safety fund and a first lien upon the assets of the bank, have never lost anything. There the banks have a right to issue, not to the limited amount of 75 per cent of their unimpaired and paid-up capital, but to the par value thereof. We propose to give to the note holder the same securities Canada gives, and to cut the right of issue 25 per cent, making the notes to that extent safer than the Canadian system. We also require a deposit of a 80 per cent guaranty fund in addition thereto. Now, if that system is a success, and has furnished an elastic and safe currency that circulates over that entire country, which in its business relations and extent of territory is very much like our own, how it is possible for a currency issued under the proposed system, with the additional securities and safeguards, to be anything else but secure?

Let us now compare the security of the currency issued by the Imperial Bank of Germany with that issued under the Carlisle plan; that bank with a capital of 120,000,000 marks, has the right to issue notes to the amount of about 273,000,000 marks, more than double its capital stock, but the notes issued, while they must be covered as to one-third by the gold held in its vaults, and the other two-thirds by not exceeding ninety days' bills on German towns, they are not secured by a lien on the assets of the bank, nor is there any double liability of the stockholders to secure them. The maximum amount of the notes that may be issued by that bank under certain conditions may be exceeded on payment of a tax of 5 per cent on notes issued in excess thereof.

This 33 1/3 per cent gold reserve and its bills receivable upon which its notes are issued has, as its counterpart under the Carlisle plan, a deposit with the United States Treasurer of legal-tender notes equal to 80 per cent of the outstanding notes, a first lien upon all the bank's assets, which includes its bills receivable as well as the double liability of its stockholders, and in addition the 5 per cent safety fund, made up from a tax upon the circulation of all of the banks. In the light of this comparison, who can doubt the absolute safety of the notes under the proposed plan?

In Sweden, the Enskilda banks, which mainly supply the currency of that country and which have been in successful operation for more than fifty years without a failure, have the right to issue notes upon the assets of the bank, limited only by the amount of securities held by them. These notes are not secured by a first lien upon the assets of the bank.

Thus we see that the security provided for the note holder by this bill is largely in excess of that required by three of the most successful banking systems in the world.

Let us now examine the condition of the depositor under the proposed system, for it is more essential to a successful banking system that the depositor have confidence in the bank than it is for the bank to have the right to issue currency. Under existing law the note holders have as security a deposit of United States bonds, about 14 per cent in excess of the notes, and as long as this Government is solvent and can sell its bonds at par there can be no better security than that now given to the notes that are issued by the national banks.

Will the depositor be as secure under the proposed system as he is now? Under existing laws the bank's available capital is diminished to the extent of the cost of the bonds it has to deposit to obtain its charter and secure its circulating notes, which is a much larger per cent of its capital than the 30 per cent required to be deposited under the proposed bill. The larger amount of available capital for investment will augment the assets of the bank and thus diminish the chances of failure, but should the bank become insolvent its notes will be paid first out of its immediately available assets, its guaranty fund, and then out of the 5 per cent safety fund which all the testimony shows will be ample, leaving a much larger amount of the assets as security for the depositor than he now has, and the safety fund under the proposed substitute has no lien upon the assets of the bank to repay it.

I do not know whether this change in the substitute was noticed by the committee or not, but it is quite plain, and I hope it will be retained. The safety fund can not recoup from the assets of the insolvent bank for the loss it may have sustained. Thus depositors who put their money in these banks will have a much larger per cent of the assets of the bank as security for their deposits than they have under existing laws.

Mr. SIMPSON. Will the gentleman allow me to ask him a question?

Mr. GRESHAM. Certainly.

Mr. SIMPSON. I would like to ask the gentleman if this bill specifies what the assets of the bank shall be?

Mr. GRESHAM. What the assets of the bank shall be?

Mr. SIMPSON. Yes, sir.

Mr. GRESHAM. No, sir; that is left to the officers of the bank under the restrictions now prescribed by law.

Mr. SIMPSON. They might only be a little office furniture, some old ink bottles, and some wild-cat stock.

Mr. GRESHAM. The law is not changed in that regard. Whenever you find a man of brains and ingenuity enough to accumulate \$100,000, or plausibility enough to persuade others to put that amount in a bank and let him manage it, you can, as a rule, trust him.

Mr. SIMPSON. The experience of the past, under the old banking system, was not as you suggest. They generally found an absence of available assets when they came to collect.

Mr. GRESHAM. We are discussing national banks and not State banks. We will discuss them later on.

Mr. SIMPSON. I understood you were discussing State banks.

Mr. GRESHAM. No, sir; I am not discussing State banks; I am discussing national banks.

Mr. SIMPSON. National bank currency is secured by the bonds.

Mr. GRESHAM. No, sir. The gentleman has evidently not read the bill.

Mr. BELL of Texas. I would like to ask my colleague a question there.

Mr. GRESHAM. Certainly.

Mr. BELL of Texas. I am sure your understanding is very different from that of many others with reference to the lien of the safety fund upon the assets of the banks under the proposed bill. I know it is different from that of gentlemen sitting around me. I think it would be well for you to elaborate your idea on that subject. I think that you are mistaken; but, if you are not, it would be a good idea for you to explain the matter to us.

Mr. GRESHAM. In the first place the second section of the bill—

Mr. BELL of Texas. Let me ask you this: Your idea is that if a bank of \$100,000 capital fails, then, under your substitute bill, it has put \$22,500 with the Government to secure the \$75,000 notes. The \$22,500 is used to redeem the notes to that amount, which leave \$52,500 to be redeemed. Now, your idea is that if the safety fund should contribute \$30,000 toward the redemption of the \$75,000 it would have no lien on the assets of the bank superior to the claim of depositors.

Mr. GRESHAM. That is, the immediately available assets.

Mr. BELL of Texas. Of course I understand you to draw some distinction between the immediately available and other assets. But I assume that the immediately available assets are \$22,500, and consequently \$30,000 has to be paid out of the safety fund. Now, my understanding is that the safety fund would become the holder of the notes, and being the holder of the notes would have a lien on the entire assets of the bank, which will be a prior lien to that of the depositors or other creditors. I understand your position to be exactly contrary to that, and therefore I think it would be well for you to explain it more in detail.

Mr. GRESHAM. I think the Secretary agrees with me.

Mr. BELL of Texas. Perhaps you are correct, but I think your construction is wrong, and therefore I wished you to elaborate your views.

Mr. GRESHAM. It is true that the second section of the bill declares the notes to be a first lien upon the assets of the association issuing them, and as between the note holder and the depositor there can be no question of the superior right of the former, but section 5 provides for the accumulation in the United States Treasury of a 5 per cent safety fund, collected by a semiannual tax of one-fourth of 1 per cent from all of the banks upon the average amount of their respective circulating notes outstanding.

This section then provides that when a national bank becomes insolvent, its guaranty fund of 30 per cent, held on deposit in the Treasury, shall be transferred to the safety fund, and out of the safety fund, augmented by the guaranty fund, the notes of the failing bank shall be paid, and then the immediately available assets, which is the cash on hand at the time of the suspension of the bank, shall be used to reimburse the safety fund; and should it be insufficient for that purpose, this section provides how the deficiency shall be made good by requiring a continuation of the tax until the notes are all paid and the amount of the safety fund is again restored to its maximum amount. Where the law declares a particular fund out of which these notes shall be paid, that method would exclude the idea of resorting to any other fund. The bill does not give to the safety fund a lien nor has that fund any superior equity over the depositors in the assets of the bank, and therefore the doctrine of subrogation could not be applied.

Mr. Chairman, this bill gives safety both to the note holder and the depositor. The security of the former, all experience demonstrates, is ample, and that of the latter is superior to what he now has. It is absolutely essential that we should have a system in which the people have confidence. We have an illustration of this in India, where it is estimated, by authorities referred to by the Director of the Mint in his report, that since 1835 one-third of all the money in the world has gone, and is there being hoarded. A lack of confidence on the part of the people in the safety of the banks of the country is largely the cause of this. Great Britain has endeavored, through the instrumentalities of modern banking institutions, to establish confidence and to bring out from its hiding this vast capital that now lies idle, and to use it in the channels of trade, but thus far has been successful only to a limited extent.

In Persia, where the people have been accustomed to hoard the precious metals and have been poverty stricken for thousands of years, an imperial bank, modeled after the English system, has been recently established and is inspiring such confidence that the people are depositing with it. The officers of that bank report that they anticipate that within a few years ample money will be collected from the people to handle the commerce of the country without the aid of outside capital.

The report of the Secretary of the Treasury shows that the banks of this country are very generally used by the people as depositories. In this way they accumulate the money of the country and use it in the channels of trade, so that a much smaller amount is required to do the business than would be if, from lack of confidence, they did not deposit with the banks. The confidence of the people in our banking institutions, which has been the slow growth of years, should not be impaired by any legislation enacted by Congress. We of the Southwest require a much larger amount of circulating medium in proportion to the volume of our business than the people of the East; we do not have banks every 5 or 10 miles. The country is sparsely settled by an agricultural people who do not have adequate banking facilities and can not use checks as freely as they are used in the more thickly settled parts of our country. The result is that they are compelled to keep in circulation a much larger amount of currency in proportion to the volume of business than is necessary in the East.

Again, we have a large number of laborers who do not understand the use of bank checks, and consequently we are compelled to furnish them with the actual money. For this reason, also, it is essential that we should have a larger volume of currency. Now, let us see what would be the effect on my State of this proposed change—and I think the gentleman from Kansas and the gentleman from Colorado and the gentleman from Nebraska will find their people benefited in the same proportion by this bill as we will be. We have a little less than \$25,000,000 invested in national banks

under the provisions of this bill; we can on that capital increase our currency over fifteen and a quarter million dollars, which, experience has demonstrated and the testimony of experts shows will be just as safe as the money that we now have. With the ability of our banks to put this additional amount of currency into the channels of trade when needed, without having to borrow it at a high rate of interest, they will become more independent, confidence will be restored, business revived, and prosperity assured.

Mr. PENCE. Do you mean that much increase in your national-bank currency?

Mr. GRESHAM. Yes. I mean that much increase of bank currency. We now have very little bank currency in proportion to our banking capital. It is too expensive. When a national bank wants to get permission to do business it deposits the least amount of bonds authorized by law and consequently can take out but a small amount of currency.

Mr. Chairman, I represent, in part, upon the floor of this House a country that is rapidly growing, and is being settled by a young, vigorous, energetic, industrious, and thrifty people, who have little else for their capital than brawn, sinew, and integrity, and must rely upon foreign capital for aid.

The present system keeps too much money locked up and lying idle. We must remember that every expense put upon the banking institutions of the country has to be borne ultimately by the people. We in the West and South who are clamoring for more money want every facility possible to induce capital to come among us. Notwithstanding the relief this bill would afford, we still will have to go into the markets of the world as borrowers. We have to convince those who have the money, and from whose coffers we wish to draw more capital to help us develop our country, that we can and will meet our obligations in accordance with the terms of our contracts. This confidence we can never gain by advocating "fiat money" or legalizing any system of currency that is not immediately convertible and at all times redeemable on demand in the legal-tender money of the Government. This redemption of the bank notes is amply provided for by the fourth section of the bill under consideration.

Mr. HALL of Minnesota. You are referring now entirely to national banks.

Mr. GRESHAM. Yes, sir; I am not discussing anything but national banks.

UNIFORMITY.

The people of this country have become used to a uniform national-bank currency, and would not, in my opinion, be willing to part with it. They do not have to examine it when they go from one part of the country to another. They want something that will circulate everywhere, just as the gold dollar does; money that they do not have to examine and find out first where it was issued and then inquire whether the bank which issued it is solvent or not. A uniform currency is essential, and in this particular the national-bank system has been a great success, and I hold that wherever experience has demonstrated a plan to be a success it is the part of statesmanship to avail ourselves of it and not to discard it for something that is at least less certain. The pending measure does not change existing laws in regard to uniformity of bank currency. But, having said this much, it is all that I can say in behalf of the present banking system.

Let us now examine the imperfections of the present system and the remedies proposed by the pending measure.

TOO EXPENSIVE.

First. The present banking system is too expensive. To illustrate: Parties desiring to go into a banking business with a capital of \$100,000 are required under existing laws to deposit with the Government \$25,000 in United States bonds before they can obtain a license to commence business. They are compelled to go into the market and buy these bonds, for which they have to pay, say, a premium of 14 per cent. This would make the \$25,000 in bonds cost them \$28,500, which, deducted from the original capital of \$100,000, leaves cash on hand \$71,500. The \$25,000 in bonds are deposited with the Government and the Comptroller issues to the bank notes thereon to the amount of 90 per cent of the face value of the bonds, which is \$22,500, and then deducts from that amount 5 per cent for the redemption fund, which would equal in this case \$1,125, so that the amount of notes received from the Government would be \$21,375, for which the bank has paid in cash \$28,500. The \$21,375 in notes received, added to the \$71,500 of the original capital, would enable the bank to open its doors and commence business on just \$92,875.

Under the proposed plan, parties desiring to establish a bank with a like amount of capital (\$100,000) can take \$22,500 thereof in greenbacks or Treasury notes, and deposit the same with the Treasurer and receive back from the Government not to exceed \$75,000 in bank notes. This \$75,000, added to the \$77,500 of its capital stock remaining after deducting the \$22,500 of legal tender and Treasury notes paid into the Treasury as a guaranty fund, makes \$152,500 as the amount of cash on hand that the bank would

have when it commences business, as against \$92,875 under existing laws; in one case their working capital is diminished \$7,125, and in the other it is increased \$52,500. As I have already demonstrated, this additional currency would be as safe as that in use under any banking system in the world.

ELASTICITY.

Elasticity in the volume of currency is provided for by this bill. Under present conditions the greater the demand for an increased supply of currency the more difficult it is to obtain. Suppose a bank wants currency—it is demanded by its customers and the business necessities of the country—and it goes to the Treasury to get it. Why, it takes more money to pay for the bonds to be deposited in the Treasury to enable it to secure currency than such currency received by the bank would amount to. The result is, if it has to buy the bonds it will not do so, and therefore can not get any increase of currency. It may possibly be asked why it is that the banks which have bonds already on deposit do not draw out currency to the extent of the amount authorized by the law. The answer is simply because the banks that have not taken out the circulation to which they are entitled do not need it. They can not keep it at interest and the expense is too great to keep it in their vaults. Their money is now lying idle and they do not want more currency. But you do not find that condition in my country. Every dollar that the banks are entitled by law to take out on the bonds they have deposited in the Treasury is in circulation.

Mr. WALKER. And they could circulate thousands more.

Mr. GRESHAM. Yes, we could; and if you will give us a good banking system we will do it.

Mr. Chairman, I say our bank currency is not elastic because it can not be increased when an emergency arises or when the wants of trade demand it. This bill seeks to remedy this evil. It provides for an increase in the volume of currency when the business wants of the country demand it without the expense and delay incident to obtaining it under existing laws.

The advantages of an elastic system of currency has been demonstrated in Canada and Germany, where there has never been a financial panic or a currency stringency since the establishment of their respective banking systems. The Bank of England, without such a provision in its charter, has on three occasions since 1844, to avoid closing its doors, been compelled to issue its notes without authority of law.

The power conferred by the French Government upon the Bank of France, immediately after the Franco-Prussian war, to increase its note issue enabled it to assist the French people in meeting promptly the German indemnity and to supply an adequate and safe currency for the demands of trade. Thus the experience of the banking systems of the greatest commercial nations in the world demonstrates the importance of elasticity in any system of currency.

We must act upon this bill if we expect this Congress to give the people any relief from the evils of the present national-bank system. Let us perfect it by amendments and then pass it. The question of elasticity in the currency will not avail, in my opinion, very much in my country, because the demand for capital is so great that most of our banks will use their 75 per cent at once. But the people in the East will not do this. They will not take out the full amount of currency to which they are entitled until they can use it profitably, which, from the statements made by the representatives of Eastern banks before the Committee on Banking and Currency, they could not now do.

Should a stringency arise, even though our banks may not have authority to issue any more notes under the provision of this law, if the banks in the East can use it profitably they will take it out and put it in circulation. In this way we can increase the volume of currency just so long as the wants of trade demand it. As soon as money can not find profitable investments and begins to accumulate and lie idle in the banks—which I hope it will not do in my country for a long time to come—so that it can not be used in the channels of commerce to advantage, it will go back to the bank that issued it for redemption and be retired; when it is needed it will be reissued and go into circulation again, just as is done in Canada.

This bill provides for an elastic currency to the extent of nearly 61 per cent of the national-bank capital of this country. If this does not furnish a sufficient volume of safe currency—a currency redeemable in legal-tender money on demand—I ask how and when it is possible for us to get the relief the people are asking?

Mr. PENCE. Will the gentleman allow me to ask him a question?

Mr. GRESHAM. Certainly.

Mr. PENCE. Is it not your opinion that under this bill, either the original Carlisle bill or the substitute proposed by the gentleman from Illinois [Mr. SPRINGER], parties will take out State-bank charters?

Mr. GRESHAM. I am not talking about State-bank charters at all. I have not come to that.

Mr. PENCE. I know that. I have been waiting for the gentleman to get to the question of State banks.

Mr. GRESHAM. Wait until I get through discussing national banks.

Mr. PENCE. Is it not your opinion that under the original bill, or the substitute, parties will take out State-bank charters rather than national-bank charters?

Mr. GRESHAM. No, sir; in my judgment they will not.

Mr. HENDERSON of Illinois. I hope not.

Mr. GRESHAM. I said our present banking system did not have elasticity and have tried to demonstrate it.

COMPULSORY RESERVE.

Now, in regard to a compulsory reserve. I listened to-day with interest to the remarks of the gentleman from New York [Mr. HENDRIX], in which he advocated retaining the provisions of the law requiring the banks in certain cities to keep a reserve of 25 per cent of their deposits and those of other sections 15 per cent. The operation of this law results in a profit to the banks in the reserve cities at the expense of the banks in other sections of the country. At the very time the banks want to use this fund for the relief of their customers they are prohibited from doing so.

Under the provisions of this bill compulsory reserves are eliminated from the law, but it is not supposed that the banks will not keep reserves, for experience shows that every well-managed bank in this country, though there is no compulsory law upon the subject, keeps an average reserve larger than the amount required by our laws. All well-managed banks of the world keep a reserve, but it is done by reason of the fact that their business experience teaches them that it is right; but when the time comes to use it they can do so, and protect themselves and their customers without being subjected to the possibility and probability of being put in the hands of receivers and having their charters revoked. Therefore I think we can safely trust to the banks, as they are trusted in all other civilized countries, to say how much reserve they will keep.

REDUNDANCY OF CURRENCY.

The people of the East are contending that there is a redundancy of currency; while this is not true of much the largest portion of our country, it is doubtless true in the great moneyed centers through which the commerce of our country passes; there business men who handle this commerce and have to settle our balances in gold see and realize most clearly the dangers that imperil our credit by reason of the Government leaving in circulation \$500,000,000 of promises to pay on demand. The credit of a nation, like that of an individual, is based upon two things: First, the belief that it has the ability to pay its obligations; and, next, confidence in its honesty and integrity of purpose to meet them in accordance with its contracts. Take from a nation either of these requisites, destroy confidence in its ability to pay or its intention to do so, and you sap the foundations upon which its credit is based. How our national credit is being affected by these \$500,000,000 of Government demand notes now outstanding let the report of the Secretary of the Treasury answer. He says:

Since the resumption of specie payments, on the 1st day of January, 1879, United States legal-tender notes and Treasury notes issued under the act of July 14, 1890, have been redeemed in gold to the amount of \$200,000,000, and all the notes so redeemed have been reissued and are now outstanding. They are a constant menace to the gold reserve, and no scheme of financial reform can be complete or effectual which does not provide at least for their gradual elimination from our currency system. To retain them as a part of the currency of the people and refuse to redeem them in standard coin on demand, would be repudiation in its most odious form because the larger part of these notes were forced into the circulation by the Government at a time and under circumstances which justified the most implicit reliance upon its good faith. On the other hand, to continue their redemption and reissue under present conditions endangers the entire volume of our currency, discredits the obligations of the Government and people, increases the public debt, and seriously embarrasses the administration of our financial affairs.

As was said a little while ago by the gentleman from Maine [Mr. DINGLEY], we are in the condition in which the balance of trade is in our favor, and still there is a constant drain of gold from this country. During the last two years our exports of merchandise, including silver bullion, exceeded our imports by \$300,594,458. In addition to this amount \$91,069,940 of gold was shipped out of the country to meet the demands of our creditors. Why this extraordinary demand by foreign creditors to realize upon American securities? It was because they believed that if we adopted the financial policy advocated by quite a large number of the American people, the time was not far distant when we would be unable to meet our obligations in gold, and they wanted to draw their money from this country before we were forced into such a position.

There is no use in shutting our eyes to these facts. I want to say to my Southern and Western colleagues that whenever confidence in our securities is impaired we are the first to suffer. Let our foreign creditors place upon the markets of this country at once \$500,000,000 of American securities—not necessarily Government bonds, because I believe comparatively few of these are held abroad, but railroad bonds, municipal bonds, bonds of private

corporations—and demand their payment in gold, the loss to the American people would be incalculable. Nearly all our bonds held abroad have in them a clause of this kind: Thirty years (or whatever the time may be) after date we promise to pay so many dollars in American gold of present weight and fineness.

If you will examine the bonds issued throughout the country you will find nearly every one of them containing a similar provision. Whenever these securities are thrown into the market of Wall street, it is compelled to protect them to the utmost of its ability. Similar securities are held largely by banking and other moneyed institutions in this country, and if they could not find a market for them they would soon find themselves bankrupt.

We of the South and West, who have not accumulated a surplus of capital, are compelled to look to the moneyed centers of the country for aid in moving our crops. It is absolutely essential that we should borrow money for this purpose. Our banks, after exhausting their capital, which is very limited, take the securities that their customers have deposited with them, carry them to Wall street, where they are rediscounted. Whenever a drain is made by our foreign creditors, as before stated, upon the banks of Wall street, they are frequently compelled to refuse accommodations to our banks and to demand payment of the obligations they have discounted.

Our banks are then forced to call upon their debtors to pay, and in times of stringency such as we have had it is impossible for them to borrow the money or to realize upon their property, and they are forced into bankruptcy. Thus it is that we, being a debtor class, are the first to be forced to the wall when our foreign creditors become alarmed and demand the payment of their American securities. Hence we are more interested in maintaining the credit of this Government than the people of any other section of the Union.

The \$500,000,000 of Government demand notes are being used by the brokers of the world to withdraw the gold from the Treasury and to force the Government to sell its bonds to replenish the Treasury gold.

I say, therefore, that we must devise some means by which this unlimited power to extract from the Treasury its gold and to force the sale of bonds shall be stopped. This bill provides a remedy (not an adequate one, in my judgment, but I hope it will be amended and improved in this particular). It requires that 30 per cent of the circulating notes shall be deposited with the Secretary of the Treasury in legal-tender notes. This will take out of circulation, according to the estimate of the Secretary of the Treasury, two hundred and twenty-five millions of these demand notes if all the banks avail themselves of the provisions of the act.

Then there should be inserted in the bill a clause authorizing the sale of a limited amount of gold bonds, bearing not exceeding 3 per cent interest, for the purpose of retiring these obligations in the manner suggested by the Secretary of the Treasury and as repeatedly recommended by the President.

Mr. PENCE. You mean retiring the legal-tender notes?

Mr. GRESHAM. Yes, sir. But I want coupled with that the authority for our banks to increase their circulating notes, as provided for in this bill. Then we will have an increase of a safe and convertible currency, and the Government will go out of the banking business.

I have heard it stated to-day that in order to protect our gold reserve we must increase our revenues, and I inferred from the manner in which it was stated that the only method recognized by the speaker as practicable for this purpose was to restore a high protective tariff. Now, the revenues of this Government are dependent upon the volume of trade and the facility with which it is moved. If you stop the wheels of commerce, you may put on the tariff as much as you please and you will not collect the necessary revenue. On the other hand, set the wheels of industry in motion, let the currents of trade flow without obstruction, and under existing laws you will have revenue enough to meet the ordinary expenses of the Government. But with the financial condition now confronting us we can not realize that result under the present tariff law or any other. Give us a good banking system, give us proper machinery by which the commerce of the country can be handled, and business will revive, and when it does the revenue will increase and we will have enough money in the Treasury to meet our obligations.

Now, how is this gold taken out? This Government says to the world, "I will maintain my paper on a parity with gold, and whenever it is presented at my counters I will redeem it in gold." As was said to-day by the gentleman from New York [Mr. HENDRIX], there is not a country in the world that offers such inducements for the withdrawal of its gold. You advertise to the world exactly what you will sell it for and furnish the medium with which to pay for it. Whenever the Bank of England wants to stop the drain of gold it raises its rate of discount to such a price as to prevent its export at a profit.

Mr. BROSIUS. Will the gentleman allow a question?

Mr. GRESHAM. Certainly.

Mr. BROSIUS. Do you mean to say that the Bank of England ever refuses to redeem its notes in gold when presented for redemption?

Mr. GRESHAM. No, sir; it always redeems them in gold.

Mr. BROSIUS. Then I misunderstood the statement.

Mr. GRESHAM. It always redeems its notes; but if you want to buy gold from the Bank of England for the purpose of exporting it, and it does not want the gold to leave the country, it will raise its rate of discount. You can buy from it gold coin or bullion, which you can not do from our Treasury. The same is the case in Germany. When you go to the Bank of Germany for gold, and it does not want it withdrawn, it puts up the price of discount; and if that does not accomplish the desired result then an intimation to a German subject that the imperial bank does not want the gold taken from its vaults is sufficient, and he looks elsewhere. The Bank of France, when it desires to retain its gold, raises the price and puts a premium on it and keeps it. When Russia, Austria-Hungary, or any other nation wants gold its brokers do not look to England, Germany, and France for the supply, but they come to this country, because they know they can get it at a fixed price, and if the amount in the Treasury is not sufficient to supply their wants they can easily force the Government to sell its bonds and raise the amount they may require, as we furnish them the medium by which they can withdraw it from the Treasury. Just so long as we continue to sell bonds to raise gold to pay greenbacks and Treasury notes that are reissued and put back in circulation we will be looked to by the balance of the world as the goose from which to draw their supply of golden eggs. Such a policy will inevitably result in the increase of our bonded debt, the impairment of our national credit, and the withdrawal of foreign capital from our country. Let us meet the issue and authorize the Executive to sell gold bonds bearing a low rate of interest for the purpose of paying and canceling this "fiat money" as it is paid into the Treasury, establish a good banking system under Government supervision, compel the banks to supply the currency and gold demanded by the wants of trade, and let the Government retire from the banking business.

BRANCH BANKS.

There is one other provision I would like to see engrafted into this bill. It is that national banks with a capital of not less than \$1,000,000 shall have the authority, under such rules, regulations, and restrictions as may be prescribed by the Comptroller of the Currency to establish branch banks both in this country and abroad. Go to-day to the largest commercial city on this continent, and if you want to buy a cargo of coffee in Rio or of tea in China you are compelled to make your deposits in London before you can draw your bills of exchange in payment therefor. The result is that our foreign exchanges are handled by foreigners at an annual loss to the people of this country of millions of dollars.

Not only is our exchange drawn through foreign banks, but our commerce is carried in foreign vessels. Let me dictate the rate of freight and of exchange that a nation must pay upon its commerce and I will pocket—at the expense of the producer—the profits on the commodities transported.

We will sooner or later carry our foreign commerce in American bottoms, and to facilitate its quick and economical handling we should authorize the establishment of branch banks in foreign countries. Give to the banks of this country the authority, and they will establish foreign branches, as the banks of Great Britain have done.

Mr. WALKER. Does the Bank of England have branch banks?

Mr. GRESHAM. It has in England. I do not know whether the Bank of England has foreign branches or not, but other English banks have.

Mr. SPRINGER. The Scotch Bank has branch banks, but not the Bank of England.

Mr. GRESHAM. The banks of England have both foreign and domestic branch banks. I believe the Bank of England only has branches within the Kingdom.

Mr. SPRINGER. There are branch banks in England of the Bank of England, but not abroad.

Mr. GRESHAM. But the banks in England do establish them abroad.

Mr. WARNER. The Bank of Canada has a branch bank in New York City.

Mr. GRESHAM. Now, Mr. Chairman, I say that the time has come when our banks should aid in building up our foreign commerce.

Mr. WARNER. I will say that the other banks to which reference has been made—the great banks of England, not the Bank of England, but banks of England, Scotland, and Ireland—all have branches, not merely in different parts of the country in which their main office is situated, but in the city of New York and on the Continent, and, I believe, in every part of the world.

Mr. GRESHAM. The time has come when we must find a foreign market for our surplus products, and in doing so we should let the American go abroad with as few trammels and as many

privileges as possible. Give our merchants the opportunity to compete upon an equal footing with the balance of the world and they will take care of themselves. But let me say to the gentlemen on the other side that we must change our shipping laws. We can never build up our merchant marine under existing restrictive laws. I will illustrate this by an incident that came under my observation within the last two years.

The Reymerhoffer Brothers of Galveston, with a view of facilitating their flour trade with Cuba and Porto Rico, were desirous of getting two American steamers because they could engage in the coastwise trade between Galveston, New Orleans, and Mobile on their voyages to and from Cuba and Porto Rico, which the foreign ships now engaged in this trade could not, under our laws, do.

Plans and specifications for two steam vessels of the capacity of about one thousand gross tons each were drawn by marine architects and submitted to shipbuilders in this country and abroad. The cheapest bid received was from the Clyde, \$55,000 for each vessel. The cheapest bid from any American shipbuilder was \$96,000 each. Now, is it possible for an American vessel that cost \$96,000 to go upon the high seas and compete for the commerce of the world with a vessel equally as good that cost only \$55,000? Never. We must remove the protective duties that produce such a difference in cost.

Mr. Chairman, I regret that I will be unable to discuss other provisions of this bill, particularly the one in regard to State banks; but my time is about to expire. Let me, therefore, in conclusion say, if the bill be amended as I have suggested, and the bonds as well as legal-tender notes are made the basis of our national-bank currency, we will, I believe, have a banking system that provides a uniform currency, insures safety to the note holder, augments the security of the depositor, allows an elastic volume of currency commensurate with the wants of trade, and that requires its notes to be redeemed in gold and silver legal-tender money, thus furnishing to the people of this country what they want, a greater volume of cheaper currency, convertible by the banks on demand into legal-tender coin. [Applause.]

The Currency.

SPEECH

OF

HON. W. J. TALBERT.

OF SOUTH CAROLINA,

IN THE HOUSE OF REPRESENTATIVES,

Friday, January 4, 1895.

On the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. TALBERT of South Carolina said:

Mr. SPEAKER: It seems to me, sir, that the American Congress is disposed to grant everything to corporations and millionaires and nothing to the great mass of the people. Only a few days ago this House by an overwhelming vote passed a bill giving the railroads of this country the right to form combinations, and trusts, and pools, etc., and now comes a bill to allow the banking corporations to form some kind of similar arrangements, all the time claiming for the benefit of the people while they remain at home dumb as oysters looking to their party for protection. Now, what have these parties done for their people—Democratic, Republican, Populist? The Democratic party having had possession of the Government for nearly two years, at least both houses of Congress and the Executive partially, as the gentleman from Maine would say, has simply played the coward, and the traitor, too, in failing to carry out the pledges made to the people, in consequence of which they have been swept from power and ought to have been, for no party deserves to hold the reins of Government who will not drive, or to be in the saddle who will not ride. Then, the Populist party have had no chance to do anything for want of power, and the Republicans have controlled legislation for the past thirty years, have driven over the rights of the great mass of the people, and ridden roughshod over them with their high-tariff robbery and financial schemes until they have fastened upon this country a monetary system, with its finances so adjusted as to be utilized by a few to the utter impoverishment of the great mass of the people, so much so that the great question of the day is one of money. Under this Republican system of finance we see centralized capital, allied to corporate powers, invading our temples of justice, subsidizing the press, controlling conventions, corrupting the ballot box, dictat-

ing the platforms of parties, overriding individual rights, and directing legislation, State and national.

Look at it as you will, mystify it as you will, the great question of the day is whether the dollar or the citizen shall rule this country; whether manhood or money shall make our laws for us. Here we have had a Congress with all parties pledged to free silver, and no free silver yet. What does this mean?

The three parties remind me of an old man, his pet monkey and calf boy. The old man, in order to frighten his calf boy to make him bring up the calves earlier at night, wrapped himself up in a white sheet one evening and wended his way into a patch of woods and sat upon a log by the path where the calf boy must pass in bringing up the calves. The monkey seeing the old man, also covers himself and follows along behind unseen and perches himself on the log just below the old man. About dark the boy came in sight with the calves. The old man turning his head to look spied the monkey all covered in a white sheet, which frightened him so much that he broke for the house, of course followed by the monkey, while the amazed and astonished calf boy hallooed out, "Run, big devil; little devil will catch you! Run, big devil; little devil will catch you!"

So it seems the Democratic party is on the run, with the Republicans after them, with the Populists crying out, "Run, big devil; little devil will catch you!"

Now, then, in discussing this question let us leave off partisanship, all prejudice and feeling, and look alone as one man upon the present distressed condition of our country with a view of passing some measure of relief in a financial way. It has been said that, and it is true, king and peasant, knight and vassal, master and servant are terms common to the records of the past, both sacred and profane, but to-day it seems to me that we have but two classes, in common parlance known as the skinner and the skinned, in our country. It has also been said that—and equally true—brute force and gross superstition tyrannized over the ancient valor and discipline, the bow and the spear were the political factors of the middle ages, but legislation, artifice, and financial craft enslave the modern, thus separating the people to-day, in modern times, only into two classes, the skinner and the skinned, saying nothing of parties. This bill will, in my opinion, finally establish a moneyed aristocracy in the United States if passed in its present shape.

Let us examine the general provisions of the bill.

It proposes to let the banker have the paper money of the Government already issued, and for every \$30 of this Government money issue \$100 in bank money.

I would like to ask if this will make it better by loading it down with three times its own weight in bank paper?

The money of the Government amounts to \$500,000,000, upon which banks can issue. For every \$30 of this banks can issue \$100 of their own.

Then you see we will have according to this about \$1,700,000,000 of bank paper, which is to be used by law as money. Now, then, why be compelled to pay interest on this enormous amount when the Constitution says the Government should create what money we need? There is nearly this amount already in circulation.

These questions I ask for information. The Government could either make for itself or the people, or save entirely the interest on this money to the people. Eight per cent on \$1,700,000,000 is \$136,000,000, a considerable amount in the hard times.

Why not the Government issue the money in the place of the banks doing it? Four things are needed for the currency of the country, viz: Security, uniformity, elasticity, and convertibility. The Alliance demands this.

In Government issue of currency the notes would be based upon the credit of the Government, just as the bonds are, and the Government has the right to tax every dollar's worth of property amounting to \$67,000,000,000. Every note would have this security, making it perfectly good. Besides, the Treasury note can be made a legal tender and thus have a separate and distinct value as currency, and notes issued in this way are paid out in pensions, salaries, current expenses, and thus they go directly from the Government to the people. No middleman stands between the Government and the people to take toll out of the money as it passes. These Treasury notes would take the place of paper money burned up since the war. It would increase the amount of currency and increase prices. It would make debts and taxes easier to pay. Now, will the present plan do any of these things? Can it be amended so as to give security, uniformity, and elasticity to the currency? If so, I will vote for it. If not, I will vote against it. Will the money issued by both State and national banks be uniform, or will we have forty-four different kinds of money? Will the currency be national? It will not be, without some amendments are attached to the bill; and under it we might have forty-four different kinds of money.

Then, again, it seems to me that this bill proposes to retire the greenbacks and the Treasury notes of 1890. If so, why? Now,

then, tell me why this money should be retired? I am opposed to destroying Government issue. Why should the people be deprived of this money? Is it hurting anybody? Is anybody losing anything by it? Is it not the money that fought your battles and saved the Union? And if it is good enough for the people why not for the banks?

Of course these notes represent a debt the Government owes the people, but they bear no interest; the interest is saved to the people, which they would have to pay if the debt took the shape of bonds.

One reason, possibly, why some men hate this kind of money is that it affords them no safe cover under which their wealth can escape taxation and at the same time draw annuity.

Why, it seems to me that the object in retiring these notes, which cost the people nothing in interest, is that some men shall have bonds to draw interest and pay no taxes.

The \$10,000,000 per annum saved by the Government to the people is to be lost to please the banker and throw that much into his pocket. I want to vote for some measure of relief, but do not want to jump out of the frying pan into the fire. I am opposed to the present financial system, but do not want to make matters worse.

It is claimed by some that this plan would provide for a reserve of paper money in order that the raid on the gold reserve might be stopped, that the profits of the banking scheme would be so alluring that all the greenbacks and Treasury notes which are now used to take gold out of the Treasury would be retired into bank reserves, but after the entire amount needed has been utilized under this bill would there not be enough left outstanding to take the entire gold reserve out and bonds forced to sale to get it back again, or if this is not done it would inevitably lead, it seems, to the utter annihilation or destruction of the balance of the Government money, thus leaving the bankers in possession of the whole field. If not, why not? It would be good-bye to greenbacks and Treasury notes. Then the Democrats would proceed to burn up what the Republicans, as venturesome as they are, did not dare destroy, and the whole country would be placed at the mercy of the money sharks.

That seems to be the milk in the coconut, anyway. If not, why not? I hope it is not the case, and would like to be convinced against it, or have the bill so amended as to prevent it. If these objections can be met I would like to support some measure of relief and relieve the inactivity of the party in power. The substitution of bank paper for Government paper seems to be the only object. The one enriches the banks and the other protects the people. Will you stand by the people or banks? I will stand by the people to the bitter end.

Must the Government take a back seat and let the bankers issue their interest-bearing notes when the Government could issue them without any interest, or at least a very low rate?

See, gentlemen of the House, if you can not so arrange as to have the Government say what interest shall be charge^d. See if you can not make this bank issue conform in security, uniformity, and elasticity and cheapness to the greenback and Treasury notes. Do that and I will vote for the bill. Let us come together and adopt some plan under the Constitution compelling our Government to perform the plain letter of that Constitution and regulate the finances in the public interest, instead of legislating so that a few can monopolize our money and rob everybody else.

Our people must have relief from the power of money to oppress or go into practical slavery. Our currency must by some means be taken out of the control of a small class of men, who at present control and monopolize its benefits. It must be scattered among the people or they are lost, and the country with them. Its volume must be regulated in every section so that it can be borrowed at lower rates of interest. Will this bill do it? I think not without amendments. Then let it be amended to that end. Strike out the section authorizing the retiring and utter destruction of the greenbacks and Treasury notes (section 9). Then change the section authorizing State banks so that the money issued by them will be uniform and national in character, being all Government issue.

Change the provisions of the present bill so that the money issued by both State and national banks will be uniform and national, and have it so arranged that the money issued shall be the same as that now in existence, issued by the Government. At the same time let every bank be responsible for the redemption of its own currency. At the extra session of Congress I introduced a bill for the increase of the circulating medium and distribution of the same, which I think will, with some amendments, go very far toward relieving the present conditions. I herewith insert a copy of the bill and a portion of my remarks made before the Committee on Banking and Currency on said bill, as follows:

A bill for the enlargement of the volume of currency and the distribution of the same.

Be it enacted, etc., That upon the demand of any State of the United States, expressed through any legally authorized officer of said State, the Secretary

of the Treasury be, and is hereby, authorized and directed to issue notes of the Government of like denominations as the Treasury notes at present issued and in circulation, which notes shall be a legal tender at their face value for all debts, public and private, and noninterest bearing and an amount of said notes, not to exceed \$30 per capita upon the population of each State according to the last census preceding the application, shall, upon application to the Secretary of the Treasury by said officer, be issued to such State upon the conditions hereinafter prescribed.

SEC. 2. The State making a demand in accord with the first section of this act shall deliver to the Secretary of the Treasury the lawful bonds of said State to the full amount of Government notes demanded, and such bonds shall be taxable at the rate of 1 per cent per annum, said tax to be covered into the United States Treasury on or before the 1st day of April of each year by the proper State authorities, said bonds to fall due at the expiration of twenty years from their date: *Provided*, That such State shall have the right at any time before the said bonds fall due to turn over to the Secretary of the Treasury the full amount, or any part thereof, of Government notes issued to such State; or in lieu thereof said States may redeem and recover such bonds, or any part of the amount thereof, with lawful money of the United States. When such bonds are recovered by the return of said notes, the Secretary of the Treasury shall destroy said notes.

SEC. 3. That each State to which said notes may be issued shall make provision for the distribution of the same as it may deem best for the welfare of the inhabitants thereof.

I said to the committee at that time:

PROPOSED MEASURES OF RELIEF.

"We see to-day, figuratively speaking, the will of one man, at least, attempting to rule the Congress of the United States. The President of the United States stands, as I said in a speech the other day, scepter in hand, daring Congress to give the people what they asked for. We see the rich growing richer and the poor growing poorer, and yet with each recurring year we continue to sow in faith, toil in hope, and reap in despair. Surrounded by the most wonderful progress and development the world has ever witnessed, yet standing appalled with impending bankruptcy and ruin.

"Now, Mr. Chairman, these being facts which I do not think can be successfully controverted, such a system ought to be changed; and believing this and knowing this to be the sentiment of the people I represent, I have brought forward this bill as a substitute for the present banking and funding system, which bill I do not claim to be original entirely, but, as I have said, something like it was introduced last session by Colonel LIVINGSTON of Georgia.

"I have also brought it forward as a substitute at the same time for the State banking system. I conceive this to be a substitute for the famous subtreasury system which has been so much abused and so little understood. It is nothing more nor less to-day than a plan to change the present financial system of the National Government. I also conceive this to be a substitute for the State banking system. This plan, I think, covers the financial plank in the Ocala platform, one of the Alliance demands. And just here let me say, that while I am an Alliance man I am a Democrat. I want to disabuse the minds of the members of this honorable committee of this one idea, that an Alliance man is a Populist. It is no such thing; and there is a wide gulf between them. I claim to be an Alliance man, advocating certain measures; and yet I have done and expect to do it within the Democratic party, as long as the Democratic party stands by its principles and platform; and that I submit to be the financial plank of the platform of the Farmers' Alliance, strictly speaking.

"The General Government has reserved to itself the right to coin money and emit bills of credit. You can find that in Article I, section 8, of the Constitution, and section 10 of Article I is plain that the State shall make nothing but silver and gold a legal tender. This Government has, however, neglected to supply the necessary kind and quantity of money to effect exchanges essential to the interests and welfare of every section alike. It is the duty of every national government to institute and regulate a medium of exchange; but that this duty has been imperfectly performed appears from the fact that when specie is made the only tender in payment of debts neither the Government nor the mass of the people have or can have any adequate control over it. The capitalists control the money and through the money control the Government.

"The defects of the present monetary laws further appear in the great power given to national banks, so well described a few mornings ago by Colonel Oates of Alabama to your committee; also from the variations in the rates of interest of Government stocks constantly fluctuating in value. If the Government does not secure a uniform value to money for its own use, it can not regulate as it ought the currency of the country. It is impossible to secure to labor its earnings under systems by which the Government and the public depend upon a few capitalists to furnish the medium and standard for the distribution of the productions of labor.

"The bill in question will give to us a uniform currency, a currency to be issued by the nation and the States respectively, each State receiving only so much as it requires under the act when demanded by any regularly legalized officer, and such funds to be disposed of as each State may direct by law; and that is what I

conceive to be a substitute to the State-banking system; for each State, by its legislature, can direct how this money shall be loaned. It can be loaned upon any security which is good. The State, of course, places bonds in the National Treasury to secure the National Government, and then loans its money to citizens in South Carolina or Pennsylvania under State laws as they may direct. They might in South Carolina lend money on one thing and in Pennsylvania they might lend on another, hence you could not adopt any uniform system, and hence I leave it to the States themselves to arrange that matter.

"It is clear that Congress has the constitutional right to coin money, etc. This makes it the duty of the General Government to provide the money of the nation, and it is accordingly bound to make money in quantities adequate to the wants of business and to institute it in a way which will secure the effectual regulation of its value. The present deplorable condition of the country is a sufficient argument against the national banking system, and, as I have said, it is a pernicious system. All of the old authorities are against national banks—Jefferson, Madison, and Benton."

So much for the bill as I then saw it, and now back to the subject in hand.

In the convention that framed our Constitution, Roger Sherman, of Connecticut, said:

The people immediately should have as little to do as may be about the Government.

It would be hard to find a single man in public life to-day who would give utterance to this sentiment, but my observation in Congress, from the limited service I have seen, impresses me with the conviction and belief that national legislation for the past thirty years has been largely influenced and dominated by it. It has seemed to me at times within the last twelve months that popular government was a mockery. Our Government was instituted for the common good; it was intended for a government of the people, by the people, and for the people; it was meant for their protection and their safety; it was created for their happiness and not for the benefit of trusts, corporations, and monopolies. I have witnessed their annoyance, their insolence, and, in common with others, felt their iron power in legislation.

The history of legislation for more than thirty years shows that national legislation has been for the profit and private interest of the money class and not for the public good.

Abraham Lincoln warned the American people against just what had occurred. He said:

Beware of the money power, which seeks to perpetuate its reign until the wealth of the country has passed into the hands of the few and the nation is lost.

One-half the wealth of the country has already passed into the hands of a mere handful of speculators, and if the country is not on the down grade without brakes, then all signs lie.

To-day two elements, opposing and hostile, representing diametrically opposite ends and aims, are arrayed against each other. One is the people, the other the plutocracy which Lincoln referred to, which has no pride of country nor of popular government, whose sole end and aim is to control legislation, thus giving us two classes—

THE SKINNER AND THE SKINNED.

At the risk of parliamentary censure and public ridicule, I have raised my voice in protest and condemnation of oppression, tyrannical class legislation, when to have remained silent was to accept the deepest humiliation and shame. I may have offended the dignity of the House, I may not have been strictly in order, under the rules, but I have rarely failed to point out abuses, so flagrant in many cases as to call for the strongest denunciation. My own pledge I have kept. Every promise I made, or every promise my election as a Representative implied, I have sacredly observed. I was vain and conceited enough when sent to Washington to believe that by diligence and prayer, by unremitting toil, by vigilance, by circumspect conduct, by high purposes, that I might to some extent influence legislation for the common good. I was practical enough to look beyond and above local or sectional questions, and will continue in this course.

By an overwhelming vote the people elected the Democratic ticket in 1892. With a powerful majority in the House, a safe working majority in the Senate, a Democratic President, the opportunity was presented the Democratic party to redeem every pledge it had ever made the people. What the party promised in 1892 it had promised in every campaign previous to that year. The great question in every national campaign for fifteen years has been the tariff. Every Democratic defeat has resulted in a higher protective tariff. The limit was reached in the passage of the McKinley bill in 1890.

The national Democratic platform adopted at Chicago emphatically condemned this law in the strongest language. This is the tariff creed of the Democratic party:

We denounce Republican protection as a fraud, a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic party that the Federal Govern-

ment has no constitutional power to impose and collect tariff duties, except for the purpose of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the Government when honestly and economically administered.

We denounce the McKinley law as the culminating atrocity of class legislation.

The English language can not make anything plainer than is the Democratic declaration against protection. Now I do not intend to make a tariff speech, God forbid; I voted for what has been branded "the sugar-trust tariff bill." I voted for the Senate bill as a choice between that monstrous Democratic deformity and Republican robbery under the McKinley law. It is necessary that I should explain my vote, and clear my conscience so far as I may be able to do, or otherwise I shall not allude to the tariff question. I am tired of it; you are sick of it; the country is disgusted and almost ruined by its disastrous agitation. It has been a matter of party contestation for nearly 100 years; we have had the tariff since Washington's days. We had high tariffs and low tariffs; war tariffs and peace tariffs; Republican tariff and Whig tariff; manufacturers' tariff, and lastly a trust tariff. We have had every sort of tariff except a Democratic-platform tariff. That is what the people demanded in the last election.

The election of a Democratic Congress and a Democratic President meant a Chicago-platform revenue tariff. It meant that or it meant a stupendous lie. That was the sole issue in the campaign.

The great question of financial reform in which the people are deeply and vitally concerned was ignored. With an explicit platform declaration in form of the free and unlimited coinage of silver, it was the expectation of every honest man who voted the Democratic ticket that silver legislation in conformity to the demand would be the immediate result of Democratic ascendancy. No question was raised about it. A Southern and Northern interpretation of the platform was not then heard of. It was the tariff. It was free wool, free iron, free sugar, free coal. It was the repeal of the McKinley law. It was a tariff for the farmer, the mechanic, the laboring man, as against the capitalist, the manufacturer, the monopolist. "McKinleyism is the culminating atrocity of class legislation" was heard from every stump in South Carolina and all over the United States from the Democratic party. It was robbery, we declared, and the people believed it. Why was it robbery? Because it maintained a system of taxation which allowed the farmer about 6 per cent on his gross income, while the capital of the protected received more than 200 per cent.

There is no country upon the earth where population is so great as it is in ours, and constantly increasing, where agricultural value does not outweigh all other values, unless such values are interfered with by unjust laws, because agriculture is the natural occupation of all mankind, and is the sole groundwork of all wealth.

You have heard this platitude until you are tired of hearing it. But it answers the purpose of illustration. It is a demonstration that in the last campaign the people were confronting a most disastrous condition, and not a speculative theory in political economy. It emphasizes the peril of the situation to-day in the light of recent tariff legislation. The correction of this abuse, the enactment of a law and the permanent establishment of a system of taxation for the support of the Government, in consonance with the interests of the whole people, you expected and it was your right to demand.

Within thirty days after the inauguration of a Democratic Administration it was your belief and my belief that Congress would be called together and the last vestige of Republican tariff robbery wiped from the statute books. That was the obligation imposed by the election. It was not done. That omission was a crime. No Democrat can justify it. It is indefensible. It is beyond vindication. I would not vindicate it if I could, and I could not if I would. It was a fatal blunder. It was treachery. It was an ignominious surrender before the first gun was fired. It was a dastardly submission. It was base stultification. It was bad faith. It gave the lie to every Democratic assertion. It was a repudiation of the party platform and party pledges. It was a plain, imperative duty, urged upon the President, but treated by him with stolid indifference.

The people had been deceived. I did not hesitate to say so then, and I repeat it now. I did not hesitate to denounce the deception then, and everything in the way of tariff legislation since abundantly justifies it.

Five months after the inauguration the President convened Congress in extra session. To repeal the McKinley bill? No. To carry out a single pledge to the people? No. In recognition of a single obligation in the national platform? No. To correct a single abuse growing out of Republican rule? No. To repeal class legislation? No. To protect the people against further robbery under Republican tariff legislation? No. What, then? To destroy the money of the people, the money of the Constitution.

At the dictation of Wall street Congress was called together on

the 7th of August to repeal the Sherman law; to stop the coinage of silver; to establish a single gold standard system of finance in this country; to complete the demonetization of silver; to eliminate it as a money metal from our currency. But of this I shall speak hereafter. I want to dispose of the tariff; it is a nasty job. You know it is bad when Grover Cleveland speaks of the Senate bill as "the product of perfidy and dishonor." I voted for the bill and without going into discussion of its merits or demerits, its deformities or inconsistencies, its "perfidy and dishonor." I voted for it because it taxes the ill-gotten gains and the remorseless greed of the capitalist, the speculator, the stock gambler, the monopolists, and the plutocrats. I voted for it because it lessens taxation upon the necessities of the people over \$200,000,000 annually. I voted for it upon the assurance that legislation would immediately follow putting iron, sugar, and coal on the free list. I conceded the sugar trusts its \$30,000,000 or \$40,000,000 in order to save \$200,000,000 to the people. I voted for the bill not because I indorse the method employed in its preparation. I despise the juggling and jobbery, and trading and duplicity, and hypocrisy and lying, that have characterized it from its inception to its scandalous consummation. There is not a clean spot in the bill from the enacting clause to the end. It is not only branded by the President as "the product of perfidy and dishonor," but the whole country denounces it as a cowardly and corrupt submission to the manufacturing interests and the sugar trust.

But whatever its inspiration, whatever the motives that influence GORMAN, SMITH, and BRICE who held the Democratic party by the throat, I could not dispute its advantages over the McKinley law. The fact that its operation would benefit the people in the reduction of taxation, and that it introduced the income tax as an element in our system of taxation, compelled me to vote for it. It was a desperate alternative. I am not responsible for the conditions that developed it. Democratic leaders have been false to party pledges, they have wantonly repudiated the party platform, they have forced the party into shameful and cowardly submission to the dictations of trusts and monopolies. They have changed the policy of the party and branded its principles with ignominy and disgrace. They have wrecked the party organization and made Democratic promises a term of reproach. The man who would attempt to justify or extenuate what has been done in the name of the Democratic party is a fool or a knave.

I wash my hands of all responsibilities. I follow that leadership no further. It is not Democracy. The majority in Congress is not a tariff-reform Democratic majority. The Democracy of Grover Cleveland and his cuckoos and the Democracy of South Carolina are as wide apart as the poles. On the great and paramount question of financial reform the Democracy of Cleveland and the Republicanism of John Sherman is one and the same thing. Wall street controls the financial policy of the Administration as absolutely as the Czar does the Russians. Elected on a platform that every honest Democratic voter construed to mean the free coinage of silver and the restoration of silver in our monetary system, Grover Cleveland repudiated the platform, obeyed the dictation of the money powers, and, with the assistance of John Sherman, struck silver down. It was the dastardly blow of the assassin.

The Sherman law was repealed; the coinage of silver was stopped; silver as money was destroyed, at whose behest? The people? No. Who demanded it? Whence the emergency? What influence directed it? Was there too much currency? No. It was Wall street and the national banks; it was the open and defiant plutocracy. The influence that dictated the money plank in the Chicago platform, which had one construction on Wall street and another radically different in South Carolina and elsewhere, demanded the repeal of the Sherman law. It has been said that the contract was made at Chicago; the obligation was then imposed on Grover Cleveland. Unfortunately for the country it was not known. It has also been said it was then agreed that the demonetization of silver should follow his nomination and election.

It has been publicly asserted and nowhere denied, so far as I know, that Cleveland's nomination at Chicago was the result of bribery. It has been charged that his manager, Mr. Whitney, bought enough votes to secure his nomination on the first ballot. That money was freely used in the convention to effect his nomination hardly admits of question. Where it came from is equally certain. Wall street, through certain national banks, furnished it. The pound of flesh nominated in the bond was the repeal of the Sherman law. The people are paying the debt. The iron hand of Shylock is at their throat. The price of wheat and cotton under the gold standard tells the story of their wrongs more eloquently than human tongue can express it. The panic was the alleged excuse for the century crime. It was a subterfuge and a lie. I said so then; I know it now. The law was repealed; the crime was consummated. Did it end the distress in the country? Did it restore confidence? Did it raise the price of wheat or cotton? Did it cheapen money? Did it add a dollar to the volume of

currency? Did it put a single idle spindle into operation? Did it raise the mortgage on a single acre of ground? No! No! No!

Business is prostrated; millions of idle people are clamoring for work and bread; factories are closed; the furnace fires are out; trade has been destroyed; disaster and woe and lamentation fill the land; the country is driven to the very verge of bankruptcy and ruin.

All this distress, poverty, suffering, and starvation have followed the repeal of the coinage laws. Is that the cause? Who can say to the contrary? Why not, with one-half of the circulating medium of the country destroyed without warning, without notice, without the consent of the people—against their indignant protest. Who did it? Grover Cleveland, with his brigade of cuckoos. How? By the corrupt use of patronage.

The bill was rushed through the House under the dog whip. The muzzle and gag were applied to prevent free discussion; it was passed by the aid of Republican votes. I have the record of shame and dishonor; it shows the influence and power of patronage in legislation; it shows, too, who the Democrats are that wear the collar of the money power; it shows what Wall-street Democracy means; it shows what fatal influence has paralyzed the efforts of the Democratic majority to redeem party pledges; it shows the futility of any attempt to carry out Democratic reform under the present leadership of the Democratic party. And now these same leaders, Carlisle and Cleveland, with their followers here, are attempting to force another measure down our throats, but I, for one, am not willing to swallow it without a number of amendments, which I have already mentioned; and I, for one, am unwilling to vote for any measure which in any way looks to the destruction of Government issue and the establishment of a bank monopoly.

The Senate vote shows the same influence, same corrupt considerations, the same trading, the same shameless use of patronage. The same irresistible deduction follows, in this as in tariff legislation, that the money power, monopoly, trusts, control and dominate the Administration and the Senate. I might read the names of the Democratic Senators who voted for this iniquity and in so doing voted their own political condemnation. In considering this bill we are carried back to the days of 1791, when the first national bank was established, and to the times of Andrew Jackson.

There is material and thought here for a whole day's speech. I can only touch the glaring points. Now, my fellow-citizens, imagine Andrew Jackson in Grover Cleveland's place. I hope the old hero will not turn over in his coffin at the suggestion of such a comparison.

How did Jackson treat the national bank when it attempted to control the legislation of Congress? These powerful corporations, created by the Government and mainly supported by the deposits of the public fund, had grown so proud and insolent by long continuance of arbitrary and irresponsible power as to threaten the very Government itself, and to exercise an influence over the trade and industry of the country incompatible with the freedom of either and the rights of the people.

The same condition of things exists to-day. Jackson fought the bank. He resisted the attempt to recharter it. He removed the public deposits from its custody.

It was a tremendous undertaking even on the part of the hero of New Orleans, but his courage, determination, and patriotism were equal to the demand of the occasion. The bank, on its part, prepared for the fight. It had its branches in all the great cities of the Union. It controlled the financial operation of the Government and of the people just as it does to-day. It regulated exchange, it put up or put down prices of commodities at will as at present. It first essayed to corrupt the people, and it expanded its line of discounts to \$70,428,270, which was an increase of \$28,025,766 in less than two years, being an extension of 66 per cent on its loans at the beginning of the contest. It subsidized a portion of the press and does the same thing now. It employed a large number of public men throughout the country as its attorneys, and these attorneys and borrowers were found both in the Senate and the House. And history again repeats itself. Jackson won the fight. The whole thing was rotten. Upon investigation the bank books told the tale of infamy and corruption; it held among its assets the obligations of more than fifty members of Congress.

The bank subsequently went to pieces, and Biddle, its president, and several of its officers were indicted for a conspiracy to cheat and defraud the stockholders of the bank, and they were only saved from the penitentiary for their crimes by a habeas corpus. As it happened to this great money power, so may it may it happen to the money power which essays the same rôle now in demonetizing silver, its aiders and abettors in high or low degree, in office or out of office.

The day of reckoning is near at hand; the common sense of the plain people will assert itself. It is the plain people, "whom the Lord must have loved for he made so many of them," who constitute the court of final appeals of all political and social movements.

Once the people wake to the error, they demand that the truth and right shall prevail. The people stand for honest politics, honest money, honest morals, law, order, decency, faith in man, and belief in God.

The people have grown tired of this arrogance of popular right and usurpation of popular authority which the anarchy of wealth has forced upon them. They demand that their Government be restored to them; that it become in deed what to-day it is but in name, the Government of the people. They know their rights; that the right to govern carries with it the consent of the governed, the incontestable, inalienable right to institute government alone; that the Government of this country was intended for the common good; that it was created for the protection, safety, prosperity, and happiness of all, and not for the profit, honor, or private interest of any man, family, or class of men. That they will assert and vindicate their manhood, I believe as strongly as I believe in the existence of a God.

The remedy is with the people. The crisis is at hand. I am no alarmist. But it is a speedy correction of abuses by the peaceful methods of legislation or it is revolution. If the Democratic party prove recreant to the sacred trust imposed by the people it should be driven from power. When it was invested with power by the people in the last election, it was the demand of the people for a change. Under Republican legislation, in the interest of capital and the classes, a gigantic money oligarchy had been built up. It controlled Congress, it controlled the Republican party. Its ascendancy was in its power.

The country was corrupted by this condition when Cleveland was for a third time nominated for the Presidency. The people doubted him. South Carolina entered her solemn protest against his nomination.

He was under suspicion of the money power. His identification and associations and education all smelt of Wall street. But the leaders of the party pledged him to a performance of all party obligations. We know now how that obligation has been kept. We know now how the very leaders themselves repudiated their own platform, threw party principle to the dogs, defied party obligations, and subjected Democrats to the humiliation of public contempt. The history of the Senate tariff bill and the repeal of the Sherman law is a history of Democratic shame and of party perfidy and dishonor. It is a blot upon Democratic manhood. It is a stigma and disgrace.

You ask me what the remedy is. People have been betrayed. The traitors must be punished. The United States Senate stands between the people and the money power. A Democratic Administration is prostituted by campaign obligations to influence legislation in the interests of trusts and monopolies. The people have been wantonly deceived.

An honest observance of platform obligations and party pledges demanded the prompt, fair, honest revision of the tariff, and the speedy restoration of silver to our monetary system and a change in the financial policy of the Nation. It has not been done. A Democratic President and a Democratic Senate are responsible for it, as well as the Democratic leaders in the House. Another betrayal, and the cause of honest government is lost.

Another Grover Cleveland and another sugar-trust tariff bill and the country is helpless in the hands of the money oligarchy. I hope it will never happen. The mutterings of the plain people are already heard throughout the land. Their protest is not heeded. The denunciation of monopolies and trusts and plutocrats is treated as the madness of socialism and anarchy. Give us free silver and some financial legislation in the interest of the people—not in the interest of banks—and all will be well. That is the remedy which will give relief. Then let us relax no effort on account of the seeming hopelessness of the impending situation. The future has its forebodings. But the darkest hour is just before the dawn. Revolutions never go backward. Reformations in government and politics cost great sacrifices. They triumph at the expense of long years of bitter disappointment.

Our country is unsurpassed in the globe. No people on the earth are braver, truer, nobler, more patriotic than ours. Our heritage is worth a dozen revolutions. Let the people rule. Down with the anarchy of wealth, the result of plunder and greed and rapacity. Down with the traitor and hypocrite. Let the honest people have a chance. Give us honesty, courage, morality in public life.

One hundred years ago this great, rich, powerful nation of nearly eighty million souls was a scattered agricultural nation of less than four million people. It is the love of liberty that has made our country great. Our people love freedom next to Heaven. They have fought for it; have perished with human effort to maintain it.

Eternal vigilance is its price. It comes high, but is worth all the sacrifice it demands at the hands of our common manhood. Let us come together and unite upon some financial reform by amending the proposition so that it will meet the approbation of the House and be the means of extending to the people of this great country the relief so much desired.

The Currency Question.

SPEECH

OF

HON. JOHN DAVIS.

OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, January 8, 1895.

On the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. DAVIS said:

Mr. SPEAKER: In a former session of this Congress I discussed very fully the dangers of permitting the control of the finances by banking corporations. Sir, the Constitution of the United States places the business of coining and issuing money entirely in the hands of the General Government. The coining and issuing of money is an act of sovereignty, and to delegate the business to corporations is in that respect to abdicate government. The issuing of currency is in no respect a proper branch of the banking business. It is, in effect, "making money," and it should not be performed by any other power than the sovereign Government, as mentioned in the Constitution. The proposition that the coining and issuing of money is a sovereign act is so plainly expressed in the organic law that it should not be doubted for a moment. And as to the dangers arising from delegating that sovereign power to banking institutions, they are so plainly seen in the history and experiences of the past that we can not too often recur to them. The old Democratic platforms uniformly condemned the policy of surrendering the control of the finances into the hands of banking corporations. They declared such a policy to be "unconstitutional and dangerous to liberty." And, five times, at as many Presidential elections, the people have decided that the Democratic platforms were right.

Mr. Speaker, I know it is disputed that the language of the Constitution authorizing the General Government to "coin money" and to regulate its value applies to paper. It is well, sir, to be right in the matter, and I appeal to the writers contemporary with the Constitution, and to the very highest authorities to prove that the words "coining money" applies to both metal and paper, and to one as truly as to the other.

Webster's Dictionary admits that the word "coin" means to "stamp," and that the act of stamping may apply to either metal or paper.

Dr. Franklin, discussing the subject of trade and industry, said:

As to paper circulating as money, it is highly profitable, as its quick passing from one to another is a gain of time, and thereby may be understood to add hands to the community; inasmuch as those who would be employed in telling and weighing, would follow other business. The issuers or coiners of paper are understood to have an equivalent to answer what it is issued for or valued at; nor can any metal or coin do more than find its value.

Any paper in the general chain of credit and commerce is as useful as they are; since the issuers or coiners of that paper are understood to have some equivalent to answer for what the paper is valued at; and no metal or coin can do more than find its value. Moreover, as incontestable advantages of paper, we must add, that the charge of coining or making it is by no means proportionate to that of coining of metals; nor is it subject to waste by long use or impaired by adulteration, sweating, or filing.—*Franklin's Works* (1809), volume 4, pages 166-184.

Sir Archibald Alison, of England, discussing the French finances, said:

In the midst of the apparent prosperity produced by that excessive increase (of paper) the sagacious mind of Napoleon perceived the seeds of future evil; and amidst all the turmoil of his military preparations at Boulogne, he repeatedly wrote to the minister of finances on the subject, and warned him of the danger of the Bank of France trusting too far the delusive credit of individuals engaged in extensive transactions, or pushing to an undue length in the form of a paper circulation the royal privileges of coining money.—*Alison's Europe*, volume 7, page 92. London, 1860.

Napoleon Bonaparte, writing from Boulogne, September 24, 1805, said:

The evil originates in the bank having transgressed the law. What has the law done? It has given the privilege of coining money in the form of paper to a particular company. . . . In a word, in discounting after this manner, the bank is coining false money. So clearly do I see the dangers of such a course that, if necessary, I would stop the pay of my soldiers rather than persevere in it. I am distressed beyond measure at the necessities of my situation, which, by compelling me to live in camps and engaging in distant expeditions, withdraws my attention from what would otherwise be the chief object of my anxiety, the first wish of my heart—a good and solid organization of all that concerns the interests of banks, manufactures, and commerce.—*Alison's Europe*, volume 7, pages 92, 93—note. London, 1860.

David Hume, of England, said:

In our colony of Pennsylvania the land itself, which is the chief commodity is coined and passes into circulation.—*Harvey on Money*, pages 60, 61. London, 1877.

Prof. J. Stanley Jevons, discussing the subject of bank notes, said:

The right of coining bank notes. According to the view which I adopt, the issue of notes is more analogous to the royal function of coining than to the ordinary commercial operation of drawing bills. We ought to talk of coining notes, as John Law did; for, though the design is impressed on paper instead of metal, the function of the note is exactly the same as that of a representative token. As to the right to issue promises, it no more exists than the right to establish private mints. For our present purposes that alone is right which the Legislature declares to be expedient to the community at large.

As almost everyone has long agreed to place the coinage of money in the hands of the Executive Government, so I believe that the issue of paper representative money should continue to be practically in the hands of the Government, or its agents acting under the strictest legislative control. M. Wolowski, in his admirable works on banking, has maintained that the issue of notes is a function distinct from the ordinary operations of a banker; and Mr. Gladstone has allowed that the distinction is a wholesome and vital one. Bankers enjoy the utmost degree of freedom in this country at present in every other point, so that it is wholly a confusion of ideas to speak of the unrestricted emission of paper representative money as a question of free banking.

Albert Gallatin, who was Secretary of the Treasury for two terms under Jefferson, and also under Madison, wrote:

The right of issuing paper money as currency, like that of issuing gold and silver coins, belongs exclusively to the nation, and can not be claimed by any individuals.—*Gallatin*, volume 3, page 429.

Mr. Gallatin further said:

But issuing a paper currency is not dealing in money, but making money. . . . The unrestricted right of coining gold or silver might be claimed with as much propriety as that of coining a paper currency.—*Gallatin*, volume 3, page 431.

Quotations might thus be extended indefinitely, but the above will suffice to show conclusively that contemporaneous writers agree that the right to "coin money" as given to Congress by the framers of the United States Constitution applies to paper as well as metal money. And, as a logical consequence, neither States, corporations, nor individuals have any better right to issue currency than they have to "coin money." The coining and issuing of money is an act of sovereignty, and it can not properly or legally be performed except by the sovereign authority of the General Government, as authorized by the Federal Constitution.

Speaking of Napoleon's sentiments on this subject, Senator JOHN SHERMAN said:

Surely, when Napoleon was so jealous of the power of the Bank of France, as William Pitt was of the Bank of England, which were institutions of a national character, under the control of the national legislature, and carefully watched by executive power, to coin money, or, which is the same thing when specie payments are suspended, to issue paper money, we should be jealous of the power exercised by a multitude of local banks chartered by twenty-eight States, whose issues are not secured by any uniform standard and are not restrained by the obligation to redeem in coin.

This idea expressed by Napoleon Bonaparte embodies the real objection to bank paper money issued in time of war when specie payments are suspended. It is a power that ought never to be exercised except by the Government, and only when the State is in danger. It is the power to coin money; because when a bank issues its bill without the restraint of specie payments, it substantially coins money, and false money. Sir, this is a privilege which no nation can safely surrender to individuals or banks.—*Sherman*, in *United States Senate*, February 10, 1863.

Mr. Speaker, having settled the point that money may be coined from either metal or paper, and that the coining and issuing of money is an act of sovereignty which should be performed by the Government only, the next point is the regulation of the value of the money. This, too, is the business of the Government. The Government must "coin money and regulate the value thereof." Now, money is valuable in proportion to its volume, and the value of a dollar can only be regulated by controlling the number of dollars afloat. Hence, the value of money can be regulated by regulating or controlling its volume, and in no other way.

Yes, sir, this is the only way that the value of money can be "regulated." I know there is a theory abroad that when the law fixes the number of grains of a given metal that shall be coined into a dollar that by that act the value of the dollar is fixed. Yet when the number of metal dollars are scarce they are much more valuable than when plentiful. Gold is the most fluctuating of commodities and is the least reliable of the money metals as a standard of value. It is of greater or less value in proportion to the plentifulness or scarcity of the metal from time to time. Hence the one and the only way that the value of money can possibly be regulated is by controlling its volume or quantity as compared with the commodities of commerce. It is in practice an agent or commodity of commerce, and, like other commodities, it is cheap or dear in proportion to its supply compared with the demand for it.

Mr. Speaker, it is now plain that the Government has both the authority and the power to coin money of any proper material, and to regulate its value by regulating the volume or supply as compared with the demand for it.

The next question is as to preserving the value of money which is coined from a material without value. I reply that all money must be redeemed. That is what money is for, to be redeemed. An irredeemable money is a worthless money. But let us not be misled by terms. Swapping dollars is not redemption. All dollars, both metal and paper need redemption. Money does not depend for its value on the value of the monetary material, but on the

values that are behind it; on the values of the commodities with which it is redeemed.

Mr. E. G. Spaulding, a banker of Buffalo, N. Y., who was a member of Congress and chairman of the subcommittee of Ways and Means, in 1861-62, stated the subject of redeeming money very plainly and truly as follows:

Every time a hundred-dollar bill passes from one person to another it is a practical redemption of it by the person who takes it. Every time a merchant at Chicago pays to a farmer \$500 in national currency for a car load of wheat, the farmer by the operation redeems such national currency not in greenbacks, nor in gold, but in a commodity better than either, namely, wheat, a staple article, useful to all. So every merchant in New York that sells a bale of cotton goods and receives his pay for it in currency redeems such currency, not in the way that banks redeem it, but in cotton goods, which is far better, because it performs the true functions of money by facilitating the legitimate sale of commodities. So every time that a merchant or manufacturer pays his internal-revenue tax to the United States collector in national currency, the Government redeems such currency by receiving and discharging such tax. So every mechanic or laborer that receives national currency for his services redeems such currency by the labor performed. So it will be seen that just so long as the national currency is practically redeemed every day in its passage from hand to hand in the payment of commodities and services, and in the ramified operations of trade and business, both with the Government and the people whose operations it greatly facilitates, there is not the slightest necessity for resorting to the expensive and risky operation of assorting and sending it home for redemption.—*Spaulding's History*, appendix, page 10.

Dr. Franklin, discussing the money question before a committee of the English House of Commons, said:

The English bank bills being payable in cash upon sight by the drawer is indeed a circumstance that can not attend the colony bills, for the reason just above mentioned, their bullion being drawn from them by the British trade; but the legal tender being substituted in its place is rather a greater advantage to the possessor, since he need not be at the trouble of going to a particular bank or banker to demand the money.

On the question of issuing a legal-tender paper, Senator JOHN SHERMAN, in his speech of February 13, 1863, said:

The power to fix the standard of money, to regulate the medium of exchanges, must necessarily go with, and be incident to, the power to regulate commerce, to borrow money, to coin money, to maintain armies and navies. All these high powers are expressly prohibited to the States, and also the incidental power to emit bills of credit, and to make anything but gold and silver a legal tender.

But Congress is expressly invested with all these high powers, and, to remove all doubt, is expressly authorized to use all necessary and proper means to carry these powers into effect. Congress is not prohibited from emitting bills of credit or from making a standard of value, nor are these powers expressly conferred. Congress has repeatedly issued bills of credit; it has fixed gold and silver as the standard of value, and made them a legal tender. Certainly gold and silver coin is the best standard of value, for it has inherent value in all commercial countries; but if, in the course of events, gold and silver can not be had in quantities sufficient to form a medium of exchange for the increased wants of the country, then Congress may establish another medium of exchange—another standard of value. This was twice done by establishing a Bank of the United States. I much prefer the credit of the United States, based as it is upon all the productions and property of the United States, to the issues of any corporation, however well guarded and managed.

Further along in the same speech Mr. SHERMAN said:

If you strike out this legal-tender clause you do it with the knowledge that these notes will fall dead upon the money market of the world; that they will be refused by the banks; that they will be a disgraced currency that will not pass from hand to hand; that they will have no legal sanction; that any man may decline to receive them, and thus discredit the obligations of the Government. I ask again if that is just to the men to whom you have contracted to pay debts? When you issue demand notes and announce your purpose not to pay any more gold and silver coin, you tender to those who have furnished provisions and services this paper money. What can they do? They can not pay their debts with it, they can not support their families with it, without a depreciation. The whole, then, depends upon the promise of the Government to pay at sometime not fixed on the face of the note, and you bring about an era of irredeemable, depreciated paper money.

In his speech of January 8, 1863, Senator SHERMAN discussed this subject again and said:

There can be no doubt about the power of Congress on this subject; and, in order to fortify my opinion and show that the whole question has been examined by much wiser men, I will read an extract from the report of Mr. Dallas, in December, 1815. I read this short extract to show that never was the exclusive power of Congress over the currency denied even by those gentlemen who were in favor of gold and silver as the standard of all values. Mr. Dallas, in his famous report made in December, 1815, says:

"By the Constitution of the United States Congress is expressly vested with the power to coin money, to regulate the value of domestic and foreign coins in circulation, and (as a necessary implication from positive provisions) to emit bills of credit, while it is declared by the same instrument that 'no State shall coin money or emit bills of credit.' . . . The constitutional authority to emit bills of credit has also been exercised in a qualified and limited manner. During the existence of the Bank of the United States the bills or notes of the corporation were declared by law to be receivable in all payments to the United States, and the Treasury notes, which have been since issued for the services of the late war, have been endowed with the same quality. . . ."

"The constitutional and legal foundation of the monetary system of the United States is thus distinctly seen; and the power of the Federal Government to institute and regulate it, whether the circulating medium consist of coin or of bills of credit, must, in its general policy, as well as in the terms of its investment, be deemed an exclusive power. It is true that a system depending upon the agency of the precious metals will be affected by the various circumstances which diminish their quantity or deteriorate their quality. The coin of a State sometimes vanishes under the influence of political alarms, sometimes in consequence of the explosion of mercantile speculations, and sometimes by the drain of an unfavorable course of trade. But whenever the emergency occurs that demands a change of system, it seems necessarily to follow that the authority which was alone competent to establish a national coin is also competent to create a national substitute."

These extracts from a document of great ability state the whole question in a few words. Congress has the power to regulate commerce; Congress

has the power to borrow money, which involves the power to emit bills of credit; Congress has the power to regulate the value of coin. These powers are exclusive. When, by the force of circumstances beyond our control, the national coin disappears, either because of war, or of other circumstances, Congress alone must furnish the substitute. No State has the power to interfere with this exclusive power in Congress to regulate the national currency, or, in other words, to provide a substitute for the national coin.

Mr. Speaker, from all that has been said it appears that a money, either metal or paper, that is receivable in the revenues of the issuing government is good money, and, then, if in addition to that receivability it is endowed with the quality of general legal tender, it becomes redeemable with all the commodities or values that are for sale in the country. Such a money rests not on gold alone, but on all values, and all men are eager to redeem and accept such money to the utmost extent of the values they have for sale.

But, sir, an important point like this can not be too closely examined or too strongly supported. I therefore call attention to the following discussion of the matter from an English standpoint. The *Daily Star*, of Montreal, December 6, 1893, discussing my paper in the *Arena*, of Boston, on the "Bank of Venice," said:

But let us suppose that the whole people of the United States, for instance, would mutually agree to accept such a system, would that solve the problem? This is what Congressman Davis proposes. He says:

"As Americans we may learn a lesson from the Bank of Venice and improve upon the system. We may admit the deposit of gold and silver in the Treasury as Venice did, and instead of placing it to the credit of the depositor we can issue him a legal-tender Government note. That note should read, 'Receivable in the revenues of the Government, and lawful money in all payments.' The deposits and the issuing of the notes in the proper denominations and amounts should end the transaction. There need be no money held in the vaults of the Government for redemption purposes."

Let us suppose the United States is satisfied with this. Then what about the rest of us? What would a London merchant say if asked to sell goods for a United States note, redeemable nowhere in particular, unless he wanted to pay some United States customs charges? His prices would go up like a balloon. How could such money compete with gold that would do all it could and immeasurably more? It would be the old mistake of imagining that when trade is world-wide the machinery of trade can be safely tampered with by one nation. Even the powerful and rich Venetian Government, we are told by Mr. Davis, used coin "in foreign countries and among barbarous peoples, where paper credits could not be used."

If the editor of the *Star* had read his own British writers on this subject he would not have asked the above questions. Men and nations do not make payments in foreign countries with money, but with commodities—with wheat, cotton, pork, bullion, etc.—never with money. Venice used bullion when trading with barbarians, and, having a domestic money not subject to exportation, the republic was able to devote all its bullion to the foreign trade without deranging its domestic finances. My critic will observe that London merchants do not sell goods payable in foreign money, but in exchange convertible into English money. With a domestic non-exportable currency in the United States, all of our bullion could be used abroad without deranging our home finances. This doctrine is not new, and it seems strange that a great British editor should still remain in the kindergarten class on so important a subject.

Sir Archibald Alison, in his *History of Europe*, Volume VI., Chapter XXXV., new series London edition, 1860, discusses this subject very fully. He argues that the great objects of a currency are to be "adequate and retainable." It must not be exportable. Nor should it be established on a basis "which is either too narrow or liable to fluctuation." Mr. Alison says:

A system of currency mainly dependent on the retention of gold leads to alternations of prosperity and suffering as inevitably as night succeeds day and day night, and that altogether irrespective of drains of gold from extraneous causes, such as war loans, extensive importations of grain owing to bad harvests, or the like, which necessarily, and still more immediately, lead to a ruinous contraction of the currency, and consequent stoppage of credit and general suffering. . . .

In the first place, if the gold can only be retained, when exchanges become adverse, by strengthening industry, starving the country, and so lowering the prices of the produce of every species of industry, the remedy is worse than the disease. Gold is a very good thing and necessary for foreign exchanges, but it is not worth purchasing by the ruin of the country. In every one of the great monetary crises which have occurred every five or six years during the last thirty, from a hundred to a hundred and fifty millions sterling have been destroyed. Is the retention of gold worth purchasing at such a price? What is the use of it, if it can only be retained by making the capitalists rich and all other classes poor?

In order to establish a safe and satisfactory domestic currency, Mr. Alison says:

The currency should be issued by Government and Government only, and the nation responsible for its value as it is for the 3 per cents. Nothing would be easier than to establish such a currency, and confine it within the requisite limits. . . .

It belongs to practical men to devise the details of such a system; but if honestly set about by men of capacity nothing will be more easy of accomplishment. And it may be safely affirmed that if the requisite change is not made the nation will continue to be visited every four or five years by periods of calamity which will destroy all the fruits of former prosperity, like the unfortunate culprits who, under the former inhuman system of military law, when sentenced to one thousand or fifteen hundred lashes, were brought out at successive times to receive their punishment by installments as soon as their wounds had been healed in the hospital.

The sad experiences of England for several hundred years, with her full bullion value exportable silver coins, should have taught our critic a lesson. Finally that conservative Government, in 1816, determined to coin 6 pence from an ounce of silver instead

of 62. After that the British silver coins were nonexportable; they then stayed at home and served the people. At the present time the bullion value of the English silver coins is about half their coin value, with no evil results. I wonder that my critic has not considered these facts.

Suppose a British subject should buy wheat in America and offer English silver money in payment? What would be done in the premises? Simply this: The payment would not be made with English money at all, but with bullion, or some form of valuable commodities, or with exchange convertible into American money. When my critic graduates from the kindergarten class and reads the horn books on finance, he will learn that there is no international money. Money is and should be a domestic device only. It should be nonexportable. It should not be based on an exportable commodity, but on the quality of legal tender. Then, and not until then, it may become adequate and retainable, which, Mr. Alison claims, are "the greatest objects of a currency."

Mr. Alison discusses the fluctuations of gold as a basis for money in Volume I, page 132, as follows:

He [Mr. Horner] saw clearly that oscillations in the value of money, and consequently in the price of every article of commerce, were among the most grievous evils which can afflict society, and rendered property and undertakings of every kind to the last degree insecure; and he thought that he would guard effectually against them by fixing the entire currency on a gold basis, forgetting what he himself at the same time saw, that gold itself is an article of commerce, and, like every other such article, is subject to perpetual variations of price; and that, from its being so portable and valuable, and everywhere in request, it is subject to more sudden and violent changes of value than any other article in existence.

That is British history and British sentiment; and yet we find a British subject in Canada contending for the oscillating, exportable, and unsafe gold basis for money, under the infantile impression that money is or should be international. The bank funds of Venice were a nonexportable domestic money, setting free all bullion for the foreign trade; yet, to a greater extent than usual, those bank credits performed also the functions of an international money for large payments among the commercial and more civilized tribes and nations bordering upon the Mediterranean.

Mr. Speaker, the discussion of the money question seems to pervade the very air in all parts of the country. I have letters asking the status of the first \$60,000,000 of United States Treasury notes issued during the war. In reply I will state that the first fifty millions were authorized by the act of July 17, 1861, and another ten millions were authorized by the act of February 12, 1862. These two issues made up the sixty millions of notes in question. They did not bear interest. They were not at first legal tender. They were legally redeemable in coin "on demand," which caused them to be called "demand notes." But as the coin of the country disappeared during the first six months of the war they could not be redeemed in coin when demanded, so they began to depreciate. In this emergency the Secretary of the Treasury ordered them to be received for duties on imports. As soon as they were thus received they rose to par with coin. In addition to being receivable in the revenues of the Government, the act of March 17, 1862, made the demand notes legal tender to the same extent as the greenback.

To recapitulate: The demand notes, amounting to \$60,000,000, were not actually redeemed in coin during the war because the coin was not on hand, but they were receivable by the Government the same as coin, and were legal tender to everybody except bondholders. These qualities of legal tender and receivability kept them as good as gold at all times, while the greenbacks which were not receivable by the Government depreciated badly.

It will be noted that the greenback and the demand note were equally redeemable on demand. The greenbacks bear no future date of redemption, hence they are due on demand in accordance with a recognized principle of law, that a note demanding payment with no date of maturity is due on demand. Such in practice and in law is a demand note. Hence the greenbacks were due and redeemable in coin the moment of issue the same as the demand notes, but through lack of coin, in point of fact, neither was so redeemed during the war.

So, in the matter of coin redemption, the demand notes and the greenbacks were on the same legal footing. In the matter of legal tender to individuals they were on the same footing after March 17, 1862. The demand notes were, however, receivable in the revenues of the Government and the greenbacks were not. That was the only legal difference. This gave rise to the difference in values of the two classes of notes during the war and up to October, 1878, when the Government began to receive the greenback in the revenues.

The late Judge Martin, in his work on the *Money of Nations*, cites numerous examples of the efficacy of receivability on the part of the Government in the maintenance of money at par. At page 168 he says:

Any paper money issued by the United States, and made receivable for all debts due the Government will always be preferred to coin.

Every step of United States history under the Constitution proves this: "1. The notes of the first bank of the United States, from 1791 until 1811,

were made by the law creating the bank full legal tender for all debts due the United States, whether the bank paid coin or not. These notes were always preferred to coin.

"2. The Treasury notes issued, with and without interest, in 1812, 1813, 1814, and 1815 were full legal tender for all debts due the Government, and Gallatin and Campbell, Secretaries of the Treasury, say were equal to coin, though the banks opposed them as they do legal-tender notes now. (1830.)

"3. The notes of the Bank of the United States from 1816 until 1836 were made by the law creating the banks full legal tender for all debts due the United States. They were for twenty years, at home and abroad, better than and preferred to coin. From 1837 until 1848 the Treasury notes of the United States, to the amount of nearly \$100,000,000, with and without interest, were not only par with but preferred to coin, for the reason that the law made them receivable for all debts due the United States.

"4. In 1857 Congress authorized the issue of \$20,000,000 Treasury notes, which the law made full legal tender for all debts due the Government. They were equal with and preferred to coin.

"5. In 1861 and 1862, before the issue of legal-tender notes, Congress issued \$50,000,000 demand notes. They were payable in coin, but at first they were not made legal tender for debts due the Government. They went to a discount, though payable in coin. But when, by the order of Secretary Chase, they were made receivable for duties on imports, they were at once not only equal with coin, but preferred thereto. In 1862 they were made full legal tender."

On page 164 Judge Martin states that \$69,000 of the demand notes were still in circulation in 1890. The rest has been redeemed and retired.

Mr. Speaker, much is said about the necessity of having a flexible currency. A currency that will be plentiest at those times when most needed to move the farmers' crops to market, and which then may be retired when not so much needed. It is argued that, in order to insure flexibility, the power to control the money should be surrendered to the banks, with the infantile "confidence" that they (the banks) will control the volume of the money in the interest of the people. Sir, our sad experiences and observations as to bank management of the currency has proven the dangers of such a policy. When money is most needed it has been the practice of the banks to make money scarce, that they may put up the interest and reap a larger profit. When money is less needed they will ask less for its use, and it can be had cheaper. This is the logic of the matter, and the facts prove it to have been the practice. The banks are not doing business for charity's sake and they never do, but for profit, and if permitted to control the currency they will make it flexible in their own interests and against the interests of the people. This, sir, has been the uniform history of the past, and in the very nature of things it can not be otherwise.

Mr. Speaker, we do not need or want a flexible currency, but, on the other hand, we need a steady, unfluctuating currency. There is no period of the year when money is not needed. The wheat crop is ready for market in the South in May and June, in the Middle States in July and August, farther north in September and later. And, sir, wheat will keep in the bin of the farmer and may be marketed and sold and the flour handled the entire year. The same general principle holds good with corn and all the cereals, and with wool and cotton. As to pork and beef, with cold storage and frozen shipment the marketing season lasts all the year. The marketing of fruits and vegetables begins with the early berries and other early fruits in the spring and ends with potatoes, winter apples, oranges, and lemons the following spring. The sale of horses and other live stock on foot is confined to no particular season. Nor are the products of the shops, factories, and mills thrown on the market in bulk, to be sold at any special time of the year.

Mr. Speaker, when we come to examine this subject in all its parts we find there is no particular season of the year when all the products of land and labor must be thrown upon the markets to be sold, but, sir, on the other hand, when we consider our various climates and products, and our diversified industries, it will be seen that salable commodities dovetail into each other as to times and seasons most beautifully and perfectly, and that there is never a month of the entire year when there is not a steady stream of commodities flowing into the markets. Hence, then, we do not want a flexible or fluctuating money. Such a money as we need has never been furnished by the banks, and, in the very nature of things, can never be. But, on the other hand, it can be furnished by the Government, and the Government only.

This is the uniform testimony of all history and experience in this country. Give us a uniform, steady, and unfluctuating currency, issued by the Government, receivable in the Government revenues, legal tender in all payments, and in sufficient volume to maintain a normal sea level of average prices, and the people will have firm ground to stand upon. A commercial system thus founded will have stability, safety, and firmness. It will be built upon a rock which will not be shaken by the shifting sands of other systems founded on "flexibility" in the hands of banking institutions. A flexible or elastic currency in the hands of the banks means unlimited power over the people and their dearest interests. A steady, unfluctuating currency in the hands of the Government means prosperity for the people and the country. It is the simplest possible system of finance, older and better tried than all others, and always successful and satisfactory when fairly tried.

Mr. Speaker, the President and most of the journals of the East insist on a paper remedy for our distresses in the form of interest-bearing bonds. Sir, there is a better way. Since gold, by its scarcity and cowardly absence, fails to meet the necessities of the occasion, and, since we must appeal to paper, why not choose the best form of paper? And since the best paper is the least costly for the people, there are two great reasons for adopting it. It seems, by the admission of all, that a legal-tender currency in this country at the present time is about as good as 3 per cent bonds, and they are both at the present time on a par with gold coin. This being so, the gold reserve can be as easily and readily replenished with a legal-tender noninterest-bearing Treasury note as with a 3 per cent bond. In other words, endow your noninterest-bearing Treasury note with all the legal-tender qualities attached to gold coin and we can buy gold coin with it as readily as with a 3 per cent bond. This will save the interest on the bonds, and the currency will enter into circulation as money and give prosperity to the country.

As to the redemption of the Treasury notes, of course that must be provided for. All money must be redeemed with value. Gold redemption is neither safe, satisfactory, nor necessary. We must provide a better, broader, and safer redemption than that. In the first place, as already stated, the currency must be receivable in the public revenues. That is primary redemption by the Government. In the second place, the currency being legal tender in all payments, it will be eagerly redeemed by the people with all the values in the country that are for sale. And a currency so redeemed, resting on all the revenues of the National and State Governments and on all commercial values, need not be otherwise redeemable. Hence there would be no necessity for maintaining a gold reserve. Any gold needed for special purposes could be readily purchased with the Government currency. No interest-bearing bonds would be needed and the financial prostration of the country would be changed to financial and industrial prosperity.

Mr. Speaker, I am not mentioning any new or untried experiment. I appeal to the facts of history as they have transpired in commercial nations. It is a well-known uniform fact that the lawful currency of a given country is more valuable than the bonds of that same country, until sufficient interest or usury has been attached to the bonds to bring them up to par with the currency.

Mr. Speaker, I ask attention to some illustrations of the position I have here taken. The case of the Bank of Venice is the oldest well-authenticated case in point. And I ask special attention to three principal features of the Venetian finances.

Besides the bank funds for large payments by transfers on the books, and besides the cash office for smaller special purposes, there was an interest-bearing debt. This debt arose from the policy of limiting the bank deposits to the needs of business and not expanding the bank funds recklessly to the full amount of the expenditures of the Republic. And gentlemen may be surprised to learn that, while the noninterest-bearing bank funds were at all times above par as compared with coin, the interest-bearing bonds were never at par.

Mr. Sidney Dean, in his *History of Banking and Banks*, states a well-known fact, as follows:

Near the close of the eighteenth century, while the bank credits were at a premium and in demand, the bonds of the Venetian Government were quoted at 60 per cent of their nominal value. It is clear from this that the bank credits had something behind them more substantial than popular confidence in the Government of the Republic itself. (Page 15.)

The question at once arises in full force and prominence, What was that "something" behind the circulating bank credits "more substantial" than was behind the Government bonds? Both the bonds and the bank credits had the "popular confidence in the Government of the Republic" behind them. The bonds also had the promise of coin redemption and the profits of interest to sustain them. The bank credits had neither the promise of coin redemption nor, at that date, the profits of interest to rest on, but "something more substantial." What was that "something"? There can be but one answer. That "something more substantial" than confidence in the Government of the Republic, more substantial than coin redemption and the profits of interest, was the demand for payments—for use as money—arising from the quality of legal tender in the usual transactions of business.

To show that this apparently strange fact is nothing unusual, it may be remarked that during the Napoleonic wars the noninterest-bearing, legal-tender English currency was twice as valuable as the 3 per cent gold-bearing bonds of England. In proof of this I ask attention to the following statement of Mr. Alison in his *History of Europe* (Volume VIII, page 68, note).

Mr. Alison says:

The public creditors were frequently, in the 3 per cents, inscribed for much more than 100 pounds in consideration of 60 pounds advanced. In particular in 1807 they received no less than 140 pounds of stock for each 60 pounds paid.

That is to say, the British 3 per cent bonds were worth only 40 to 60 per cent of their face value, while at the same time British

legal-tender currency was circulating in the channels of business at par with gold. On this latter point Mr. Alison (Volume IV, pages 224, 225) says:

Notwithstanding all that the spirit of party may have alleged, there does not appear ever to have been any trace of the latter effect (the depreciation of paper) in this country, or that at any period a higher price was exacted for articles when paid in bank notes than in gold.

These facts clearly prove that the demand for payments, arising from the quality of legal tender, is far more powerful in sustaining the value of Government paper than is the expensive adjunct of interest or usury. The same thing is plainly proven by the fact that during our late war the gold-bearing American bonds were frequently 20 to 50 per cent below par as compared with coin, while that portion of our currency which was receivable in the Government revenues was uniformly at par with coin.

Mr. Speaker, a savage can readily perceive that the earth will support heavy burdens, and that a burden may be lifted by a man or drawn by a horse; but he may doubt that the yielding water of the sea can bear a ship with a cargo of 1,000 tons, and that said ship can be driven to all parts of the globe by the fickle and unreliable winds of heaven. And when we tell him that a few ounces or pounds of superheated vapor of water will drive a ship of iron through the billows of the ocean at the rate of hundreds of miles per day, we excite his derision. Then if we say to him that the unseen and imponderable thing known as electricity can act more powerfully and more speedily than steam, he will lose patience. If we go still further and try to explain to him that the entity known as the mind and will of man is still more powerful, subtle, and active than either water, steam, or electricity, and that this godlike attribute can harness to its service all the potent elements of nature, he will no longer listen to us.

Now, it is this last and greatest power, known as the will of man, enacted into law by a sovereign government, which is the true basis for money. Of course the untutored mind can not comprehend this; and yet this is the broad, sound, and stable basis for money which has always succeeded and never failed when fairly tried. It is this broad and safe basis for money that the gold vultures desire to discredit and abolish. They desire to bind the Prometheus of our civilization to the rock of savagery, and to give us, instead, the open box of Pandora. To do this they corrupt the corruptible; they flatter and cajole the ambitious; and, through a truckling and subsidized press, they mislead the unsuspecting. All this has been done and is being done to degrade silver and to destroy the sovereignty of the Government over money.

Mr. Speaker, in an editorial of the Times, of this city, dated December 22, 1894, I find the following:

There is plenty of money in the country if a way could be found to make it circulate. At present most of it lies locked up in banks and other places of deposit, there to remain until a revival of trade puts it in circulation. Start up our mills and factories on full time, give working people a remunerative employment, create a demand for our products, and there will be no scarcity of money. Our monetary system needs remodeling, but not on the Carlistis plan.

Mr. Speaker, if we will cast aside all prejudices and preconceived opinions on the subject and look at the naked facts in the case the money question is not difficult. First, the money hoarded in the banks does not belong to the banks, but to individuals. Second, it fails to circulate because of general falling prices. No man will invest his money on a declining market if he can help it. So the money lies in the banks waiting for prices to touch bottom. Third, now if some one will put in operation a plan by means of which prices will cease falling and commence to rise, then the hoarded money will at once leave the banks and enter into active circulation.

It is a fact plain to every thinker and student of history that money will not circulate in a time of declining prices. On the other hand it can not be prevented from circulating during a time of rising prices. This statement is as true and self-evident as is the fact that water does not naturally run up hill, but uniformly runs freely down hill. Then when it is desired that money should circulate all we have to do is to create the conditions which uniformly insure its circulation.

To make the subject very plain, I will state it in the form of an arithmetical example in long division, thus:

Divisor. Commodities.	Dividend. Volume of money.	Quotient. Average prices.
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The divisor in this example is the people and the commodities they have for sale. The dividend is the volume of money afloat to do business with. The quotient is the general average of prices. Now, it is a fact, that the people and commodities of this country, and the people and commodities of the money-using world, are increasing; that is to say, the divisor in our example is continually increasing. This being so, then the dividend, or volume of money, must equally increase, or, as is plain, the quotient must decrease; that is, the general average of prices must continually decline. And, as already seen, as long as prices decline the money in existence will not circulate. It will remain locked up in the banks waiting for prices to touch bottom. The

hoards will never circulate; the enforced idleness of labor will continue. Enforced idleness of labor means public distress, which must grow worse continually until, in the delirium of starvation, the suffering people may commit unlawful acts. Then to keep the peace the hungry people are usually suppressed by force; in other words, if we do not adopt the just and civilized plan of increasing the volume of money as the people increase, then may be forced upon us the unjust and savage plan of reducing the divisor, because we refuse to increase the dividend as the divisor grows.

Our true remedy in the matter is obvious. We can double the money of ultimate payments by using both gold and silver on equal terms, instead of gold only. And then the metals may be supplemented with legal-tender Treasury notes, receivable in the revenues of the Government, but not otherwise redeemable. Such a money is uniformly as good as the issuing Government, and in our case that is good enough. There is not a case on record in this country or in England where a full legal-tender Government currency, receivable in the revenues of the issuing Government, has fallen below par with gold coin; but on the other hand such notes have usually been preferred to coin.

It may be replied to what I have here said that the money of the United States has been increasing and still is increasing as the people and their commodities increase; that the monthly Treasury reports show that the money per capita is as great or greater now than ever before.

In reply to that position I desire to say, with all due deference to the Treasury officers, that the monthly reports do not state all the facts. They do not show all the exports of gold coin, nor the waste, loss, and destruction of coins and notes. The late Senator Plumb, a very high authority on this subject, stated the matter in 1888 as follows:

It is estimated that there are in circulation, including that which is locked up in the Treasury and held in the bank as a reserve fund, about \$1,000,000,000 of all kinds of currency of the United States, gold and silver, the overplus of gold and silver certificates, greenback notes and national bank notes, all told, and there are more than \$50,000,000 of property which must finally be measured by this volume of currency. It has been contracted during the last year more than 5 per cent in addition to all that has occurred by reason of abrasion and loss. No man can tell the volume of greenbacks outstanding. Nominally it is \$26,000,000 and a fraction, but that volume has been subject to all the accidents which have occurred during the past twenty-five years, whereby money has been consumed, worn out, lost, and it is doubtful if the amount is really over \$30,000,000 to-day.

In June, 1890, Senator Plumb continued the discussion of this subject, as follows:

Let us see, therefore, how much money is available for actual use among the people. From the total of \$1,500,000,000 arrived at as above, must be deducted an average of \$200,000,000 which the Treasury keeps on hand, and about which something has heretofore been said in the debate on this bill, and that leaves as the maximum which can by any possibility be used \$1,300,000,000. There ought, in fairness, to be deducted from this \$150,000,000, error in estimate of gold in the country, which would reduce the money outside the Treasury to \$1,150,000,000. From this is to be subtracted the \$500,000,000 as a reserve, as before computed, leaving a balance of \$650,000,000 which is available for delivery or use in the transaction of the business of all the people, or a trifle over \$5 per capita. But the force of my argument is not materially weakened by conceding the gold coin to be as estimated by the Treasury Department, which would leave in actual circulation \$700,000,000. In order to make up this amount all doubt must be resolved in favor of the Treasury and against the people, both the doubt as to the amount of lost and destroyed notes and that as to the gold supply.

If I were deciding this case upon what I consider the best evidence, I would be bound to say that I believed the money in actual circulation did not much, if at all, exceed \$500,000,000. Upon this narrow foundation has been built the enormous structure of credit of which I have spoken. It is the greatest of the kind that was ever built, because it was built by the best people that ever built anything. Over twenty thousand millions of debts, the enormous and widely extended business of 65,000,000 people, all rest upon and must be served by a volume of currency which must seem to the most veteran financier as absolutely and dangerously small.

Mr. Speaker, I think it is plain to every candid person that the monthly Treasury reports are false and misleading; that there is no such increase of available money as is demanded by the increasing numbers and needs of our people. It is only on this ground that we can explain why we witness hoarded money, declining prices, enforced idleness of labor, and general distress among the people.

Now let us look at some historical examples. At the close of the war money was plenty and times were good. In 1866 a law was enacted to sell registered bonds for currency and to cancel the currency by burning. This at once caused decreasing money, falling prices, general hoarding, and hard times. The New York clearings ceased to increase with an increasing population. The hard times and popular discontent caused the repeal of the contraction law in 1868. This at once "restored confidence." The hoarded money went to work and the New York clearings bounded up from twenty-eight billions in 1868 to thirty-seven billions in 1869. But as there was no actual increase in money corresponding to the increase of the people the good times, founded on confidence only, was fitful and could not last.

Then came the law of 1869, making the currency bonds payable in coin, and the laws of 1873-74, demonetizing silver. This caused hard times, as is plainly shown in the New York clearings. In 1875 was enacted another contraction law, preparatory for specie payments. This intensified the public distresses. Anarchy seemed

imminent. Pittsburg was partly burned, and troops were called out in places to shoot starving people. The New York clearings indicated the situation, and were smaller in 1876 than they had been since 1863. Though the people had increased about a dozen millions in ten years, yet the New York clearings were seven billions less in 1876 than 1866.

To relieve the situation Congress passed two remedial measures in 1878. One (May 31, 1878,) forbade the further retirement of greenbacks; the other authorized the coinage of over \$2,000,000 per month of silver, to be added to the circulation. These laws assured the holders of money that prices had touched bottom, and at once, as if by magic, the hoarded millions of money in the banks was at once checked out and put into circulation. The New York clearings immediately registered the good times. They bounded from twenty-two and a half billions in 1878 to forty-eight and a half billions in 1881.

But these good times were not pleasing to the banks. In 1882 there was about \$360,000,000 of bank currency. By 1888 it had been reduced to less than \$200,000,000. This contraction caused falling prices and hard times. The New York clearings promptly noted the fact, and to this day the banks have not loosened their grip on the currency of the country. Since 1880 our population has increased nearly 20,000,000; yet the New York clearing house records about \$15,000,000,000 less business per annum in the nineties than in 1881.

If asked how we may dissipate the hoarded money from the banks and set it to circulate the answer is plain and certain:

1. Let silver be remonetized and placed on an equal footing with gold.
2. Let there be issued fifty millions of greenbacks to replace the lost and destroyed notes, in accordance with the intent of the law of May, 1878.
3. Let there be issued one hundred and fifty millions of greenbacks to replace the bank currency which has been retired since 1882.
4. Let all newly issued notes be legal tender and receivable in Government revenues, but not otherwise redeemable, and let all new notes be covered into the Treasury and paid out in the lawful disbursements of the government.

These issues of money can in no just sense be considered an "inflation" of the currency. They would only be restoring the lost, wasted, and retired currency which the banks and the Government considered as necessary for a population several millions less than we now have.

Mr. Speaker, the policy here indicated would start every wheel, furnace, pick, spindle, hammer, and plow of the industries. It would employ every man, woman, and child able to work in all this broad land at good wages. There would be no longer any necessity to increase the standing Army for the purpose of reducing the population, as recently intimated by the General of the Army. No, sir; but, on the other hand, we would have good times, as so truly described by Col. R. G. Ingersoll prior to the contraction of the currency. The colonel said:

On every hand fortunes were being made, a wave of wealth swept over the United States, huts became houses, houses became palaces, tatters became garments, and rags became robes; walls were covered with pictures, floors with carpets, and, for the first time in the history of the world, the poor tasted of the luxuries of wealth. We began to wonder how our fathers endured life. Every kind of business was pushed to the very sky line.

Mr. Speaker, in order to bring out of its hiding the money that "lies locked up in the banks," it is not necessary to start any scheme of unlimited currency inflation, but merely to restore the ancient coin of the world as it has existed from the days of Abraham, and, in this country, until 1873; to reissue the lost and destroyed currency since 1878, in the form of new greenbacks, and then to gradually increase the money as the people increase. How easy and simple this would be if the money changers who have us by the throat would only permit it! As a matter of hope in this line I am glad to note, recently, some symptoms of sound policy, even among the banks. Once in a while some of the bankers open their eyes, and begin to see that even the banks could do more and better business by dealing with a prosperous people than they are now doing by skinning the dead. Let us then work and patiently hope that deliverance may yet come to the working people of America and of the world.

Mr. Speaker, I am utterly opposed to the currency bill now before the House. I am opposed to any and every bill which enables the banks to usurp the rights and powers of the General Government in the matter of supplying a sound and stable currency for the use of the people. Through such a measure there can be no permanent relief or prosperity for the country.

But, sir, a measure in accordance with the platforms of Jefferson, Jackson, and Benton, so often approved by a general vote of the people at the Presidential elections from 1830 to 1860, giving us the standard coins of gold and silver, supplemented by legal-tender Treasury notes, will afford instant relief, with assured and permanent prosperity. Sir, in the light of all monetary history

and in accordance with the principles of equal justice, there is no other certain and safe policy for the relief of the country's distresses.

Already our civilization shows symptoms of distress and decadence. Through shrinking money and falling prices, industry is stagnant, bankruptcies are increasing, debts and taxes are becoming more burdensome; families are losing their homes through foreclosures and forced sales; able-bodied men by millions are tramping and begging for bread; women and children are famishing for the want of food, raiment, and shelter; mothers and little ones infest the streets, or retreat into loathsome dens and slums, no longer able to live otherwise; churches and schools are languishing for lack of money, the revenues of colleges and great universities feel the stringency of the times, and teachers and professors are dismissed because of insufficient funds to meet expenses. I wonder that gentlemen have not observed these threatening symptoms of social decadence.

Rome experienced the same distresses through the failure of the gold and silver mines of Greece and Spain. Roman society was disintegrated, and the population of Europe fell off one-half. The history of those times is very painful to read. The Christian civilization of the present day is entering the penumbra of the same eclipse which darkened, distressed, and decimated Europe for a thousand years. Relief came through the discovery of the American mines, expanding money and rising prices for labor and its products. An expansive money system is the chief remedy in such cases. With the broad and safe basis of legal tender, we may at once have increasing money and rising prices. This will give quick and lasting relief. The cries of distress will cease; the recuperation of society will begin; the burden of debts and taxation will gradually wear away; and our Christian civilization and free institutions will be preserved. Popular enlightenment is the necessity of the hour. Patient, earnest, and persistent work in spreading the light among men is the duty of every patriot.

Maritime Canal Company of Nicaragua.

SPEECH

OF

HON. DONELSON CAFFERY,

OF LOUISIANA,

IN THE SENATE OF THE UNITED STATES,

Thursday, January 10, and Friday, January 18, 1896.

The Senate having under consideration the bill (S. 1481) to amend the act entitled "An act to incorporate the Maritime Canal Company of Nicaragua," approved February 20, 1896—

Mr. CAFFERY said:

Mr. PRESIDENT: At the outset of my remarks I will disclaim any hostility whatever to the scheme of connecting the Atlantic and Pacific oceans by a canal or other means of transit, but I will announce with distinctness that I am opposed to the means of effecting that purpose presented in the pending bill. The instrumentality selected is the Maritime Canal Company of Nicaragua, incorporated under a statute of the United States in 1889.

I understand that the ground upon which the distinguished Senator from Alabama [Mr. MORGAN], who is in charge of this bill, assumes that the bill can rest upon constitutional authority is that the Congress of the United States has power to regulate commerce with foreign nations. He then places it upon another ground, upon the right to acquire territory, and he instances the three cases of the purchase of Louisiana in Mr. Jefferson's Administration, the purchase of our Pacific territory under the treaty of Guadalupe Hidalgo, and the purchase of Alaska. I understood the Senator from Oregon [Mr. MITCHELL] to place the authority of the Government of the United States to construct the canal by this instrumentality under the general welfare clause of the Constitution. So, Mr. President, we have three distinct grounds on which the authority to construct the canal is based.

Mr. MITCHELL of Oregon. Will the Senator allow me?

The PRESIDING OFFICER (Mr. PASCO in the chair). Does the Senator from Louisiana yield to the Senator from Oregon?

Mr. CAFFERY. Certainly.

Mr. MITCHELL of Oregon. I do not wish to have it understood that I place the constitutionality of the bill solely under the general welfare clause, because I stated distinctly that I place it also under the clause which provides that Congress shall "regulate commerce with foreign nations and among the several States," and also upon the clause which authorizes Congress to make provision for the common defense.

Mr. CAFFERY. "To provide for the common defense and pro-

mote the general welfare" is generally called in its full extent the blanket clause of the Constitution.

So, Mr. President, I undertake to discuss somewhat these different grounds, in order to see whether or not we have a constitutional right to construct a canal over foreign territory that does not belong to the United States.

The power to regulate commerce with foreign nations is one of the enumerated powers of the Constitution. It is a power that implies sovereignty. It requires a sovereign to execute that power. Under the clause of the Constitution giving every power necessary and proper to carry into execution the enumerated grants in that instrument it has been held that any construction facilitating commerce, aiding commerce, supporting commerce, was a means to that constitutional end. The end is the regulation of commerce. The means whereby that end is to be effected or can be effected is through the medium of various works of internal improvements.

The language of the Constitution is that Congress has power "to regulate commerce with foreign nations," and that power implies in its execution a commerce to be regulated. As the Constitution deprives the Government of the United States of the right to lay any tax or toll upon exports from the State, it is manifest that the commerce spoken of, that we can regulate "with foreign nations," is that commerce which is brought within the grasp of our foreign jurisdiction. No other commerce can be regulated but that commerce of a foreign character over which the United States has jurisdiction. To give that jurisdiction it is necessary that that commerce shall be brought within our borders, so that our territorial jurisdiction may attach to it. That, to my mind, is absolutely clear. That proposition I do not think can be controverted successfully. The commerce must be foreign. It must be by and between the citizens of the United States and foreign States, and it must be within the grasp and scope of our jurisdiction.

Apply this principle to the Nicaraguan Canal. How is it that the doctrine of regulating commerce with foreign countries can be so construed as to apply to the construction of an instrumentality of that kind? The construction of this canal is not the end sought. It is not the purpose for which the power can be put into execution. It is only a means to promote, to bring about, and facilitate such commerce with foreign nations as the United States may have jurisdiction over. We have no more right, in my opinion, to regulate the commerce that may flow between the two oceans or between the uttermost parts of the earth, owing to that canal, than we have to regulate the commerce that flows through Bering Straits or the Straits of Bab-el-Mandeb or the Dardanelles or upon the wide ocean. I can not conceive of any construction that jumps with the constitutional power to regulate commerce which would authorize the construction of a work to regulate commerce on foreign territory not owned by the United States.

This work is to be undertaken, I understand, upon the broad ground that we have every power, and we can resort to any means to execute that power which any foreign nation possesses in regard to subjects of foreign import, in regard to international subjects.

Mr. President, it is manifest that the powers of the Government of the United States operate externally both in regard to the States and in regard to foreign States. All minor regulations in which States are concerned, all lesser authority, if I may so speak, is vested in the States. The United States operate in the States directly upon the citizens of those States, in the application of its external authority over the States; and the United States deals with foreign nations upon all subjects of an international or foreign character as a great nationality.

Commerce is one of those external objects upon which the foreign jurisdiction of the United States, according to the terms of the Constitution, operates. All matters concerning war and peace, the making of treaties; all matters concerning the rights, privileges, and interests of our citizens abroad, concern the Government of the United States. All matters of every kind, character, and description that are the subject-matter of international law fall within the domain of the power of the Government of the United States. Is there anything loose in that power? Is there that floating, indefinite, vast, uncircumscribed power over foreign subjects that is contended for by the Senator from Alabama, and, I believe, by the Senator from Oregon? Is there no restraint upon the Government of the United States in relation to every matter of a foreign character?

Mr. President, I think there is restraint and check. I think that the rights of the Government of the United States in the exercise of foreign jurisdiction (which is almost synonymous with international jurisdiction) are clearly defined in the code of international law and by our Constitution. We have no further nor greater right than any other nation on the globe, but those rights are almost as well defined as the rights of a citizen in a municipal code. There is hardly a subject of international import that has not been the subject of international arbitration and settlement.

So that the code of international law obtains among civilized nations to-day, and its sanction is that whichever nation violates this code, disregards the principles of this code, becomes subject to an enlightened public opinion and censure. It can not be violated with impunity, and it must be obeyed with respect.

Now, Mr. President, what international or foreign power is invoked for the construction of this canal? I have heard none. I do not think I will ever hear any. The right to make war is a constitutional right. The right to make treaties is a constitutional right. In this connection I would say that the right to make treaties involves every subject about which and concerning which treaties are made among civilized people. There is no difficulty in discovering the constitutional right to acquire the vast territory mentioned by the Senator from Alabama. We have acquired it under treaty power, under constitutional power directed to that end, for one of the usual subjects-matter of treaties is the acquisition of territory. It is as much the subject-matter of treaties as the negotiation of commercial privileges or negotiating concerning the rights of some of our citizens abroad, either in their person or their property.

It is a right which flows directly from the power to make treaties. Although history tells us Mr. Jefferson had doubts upon the subject, and wanted an amendment to the Constitution of the United States passed, in order to clothe him with the power of purchasing the magnificent domain out of which so many States were carved, I think it clear that his warrant to purchase Louisiana under a treaty ratified by the Senate of the United States was the warrant of the treaty-making power. That precedent set by Mr. Jefferson was authority in the case of the purchase from Mexico of the Pacific Slope possessions and in the case of the purchase of Alaska from Russia.

Therefore, Mr. President, there is nothing indefinite, or vague, or undefined, or loose in the acquisition of territory. It flows directly from a constitutional grant. If the United States Government were to-day to negotiate a treaty with the Republics of Nicaragua and Costa Rica for the purpose of purchasing sufficient land to make a competent route over that territory for a canal or ship railway that treaty would come within the scope of the Constitution. The soil we purchased would be ours, the canal constructed would be ours, and the jurisdiction that we might set up there over commerce would be our jurisdiction and would be fortified and held up and sustained by our power to regulate commerce.

Mr. MITCHELL of Oregon. May I ask the Senator from Louisiana a question?

Mr. CAFFERY. Certainly.

Mr. MITCHELL of Oregon. Does the Senator deny that he is going outside of the treaty-making power for the present? Does the Senator deny the right of a foreign power to make a cession to the United States and that the United States could accept the cession and it would be binding between the nations?

Mr. CAFFERY. It would be a treaty.

Mr. MITCHELL of Oregon. That is no treaty.

Mr. CAFFERY. It would be a treaty for the United States to accept a cession. It would have to be done through the instrumentality of negotiation. It would have to be obtained by a treaty. It can not be done otherwise. I ask the Senator, does he mean to imply by his question that the United States have got any cession of territory under this grant to the Maritime Canal as the transferee of the Nicaragua Canal Association?

Mr. MITCHELL of Oregon. I mean to imply that the United States have a cession of certain very important rights and franchises which would authorize them to take the controlling stock in this company, and in that way control not only the construction of the canal across this foreign territory, but control it after the canal is constructed.

Mr. CAFFERY. I will say to the Senator from Oregon that in the concessionary grant from Nicaragua and Costa Rica there is an absolute and peremptory inhibition against the transfer of any of the concessions to any foreign power.

Mr. MITCHELL of Oregon. I know there is a difference of opinion as to the construction to be placed upon the grant. I understand that thoroughly.

Mr. CAFFERY. Mr. President, this Maritime Canal Company of Nicaragua is a private corporation. It is not a public corporation. It has been asserted over and over again by every Senator, I believe, who has advocated the construction of this canal under the present instrumentality, that the Maritime Canal Company was a public corporation. I propose to read from an approved authority on corporations what a public corporation is. I read from Angell and Ames on Corporations, eleventh edition, section 14:

There are various kinds of corporations which are distinguished by their degrees of power and the object and purpose of their creation, and the members of some corporations are subject to certain liabilities which do not attach to the members of others.

It is therefore proper, having explained the meaning and general object of a body corporate, to clear the way to private corporations, and perhaps

at the same time gratify the curiosity of some readers by a preliminary notice of corporations of a higher kind.

The word "corporation" is, we know, oftentimes significant of a community clothed with extensive civil authority, and a community of that kind is sometimes called a political, sometimes a public, and sometimes a municipal, corporation.

It is generally called public when it has for its object the government of a portion of the State; and yet although in such a case it involves some private interests, yet as it is endowed with a portion of political power the term "public" has been deemed appropriate.

Another class of public corporations are those which are founded for public, though not for political or municipal, purposes, and the whole interest in which belongs to the Government.

The Bank of the United States, for instance, if the stock belonged exclusively to the Government, would be a public corporation; but inasmuch as there are other and private owners of the stock it is a private corporation.

Though a public corporation is one which has for its object the administration of a portion of the Government, and although, if the Government owned the entire interest in the corporation not created for such a purpose, it may be a public corporation, yet if other parties together with the Government own a portion of the stock of the corporation, it is a private corporation, even though its object be a public one.

Tested by this rule, what is the Maritime Canal Company of Nicaragua, and what portion of governmental power will it administer? Have governments the whole stock in it?

Very great and particular pains are taken that the Maritime Canal Company, a private corporation, have stock in it, and this stock can be sold to other individuals. So that it is a private corporation; it is not a public one; and because the United through its directors may sit at the board as directors, and because Nicaragua and Costa Rica may likewise sit at the board through their directors, yet the corporation is a private one because of the interests of private individuals or private corporations in that stock and because its objects relate to private gain.

Mr. President, the purpose of this corporation is that of a private corporation; it is to collect tolls, to manage the traffic which may go through the canal built by the money of the United States.

Here, Mr. President, another point arises. It is contended on behalf of the advocates of this bill that the United States will virtually own this canal, that the United States will virtually operate this canal by having a majority of the stock, and that therefore—I presume that that is the implication—having the majority interest, having this virtual control, any regulation which the United States may make in regard to the traffic which may flow through that canal is a regulation of the United States in regard to commerce, and therefore justifiable and within the purview of the Constitution.

Mr. President, can the United States delegate to any instrumentality any of its sovereign power? The Government of the United States is one of enumerated powers, of delegated authority from the people of the States, but there is no power whatever upon the part of the Government to delegate to any corporation or to any body of men any part of its sovereign authority. To say that the United States, having the majority of the stock of the Maritime Canal Company of Nicaragua, actually controls or would control the commerce going through it is not stating the point correctly. The Maritime Canal Company would be regulating commerce; it would be doing so as a corporation. It would, therefore, be usurping a power—a sovereign power, which belongs solely to this great Government, and which can not be delegated. If the United States had the right (which I do not concede) to regulate commerce flowing through the contemplated canal, and were to allow this company to regulate that commerce, the supreme sovereign authority of the United States would be delegated to a private corporation to do an act which the United States itself only can do and can not delegate to another to be done.

Mr. MITCHELL of Oregon. I would ask, in answer to the suggestion of the Senator from Louisiana, what would he say of the Interstate Commerce Commission? Is not the establishment by Congress of the Interstate Commerce Commission a parallel case?

Mr. CAFFERY. No, sir; I do not think it a parallel case at all.

Mr. MITCHELL of Oregon. What is the difference?

Mr. CAFFERY. In that case the United States is doing it directly through one of its agencies. They exercise their powers in pursuance of an act of Congress. They have no right to make any substantive law; they can only apply laws which exist. It is a quasi court. There is no sort of parallel between that case and the case of the United States delegating its original independent authority to a corporation to legislate in regard to matters about which the United States is solely clothed with power and jurisdiction.

Mr. President, the United States has vast power. It reaches to every individual citizen in this land. The United States courts expound the law, and the United States marshals execute the decisions of the courts throughout the length and breadth of this land; that is a constitutional power; that is not a delegated power. When the United States erects an interstate commerce commission to regulate interstate commerce, the United States clothes that commission with the power to regulate, in pursuance of its statutes,

in pursuance of its regulations, and there is no independent authority whatever given to the Interstate Commerce Commission to make laws or regulations other than the laws or regulations prescribed by the United States itself.

There can be no delegation whatever of authority of any kind which the United States possesses. It must execute its authority itself and through the proper instrumentalities laid down in the Constitution—the judicial authority through its courts, the legislative authority through the Senate and House of Representatives, and so on; but it has no power to delegate such a supreme sovereign power to a subordinate private corporation as that of regulating commerce. That is the only constitutional ground on which Senators who advocate the construction of this canal have placed the right of the United States to give their subvention to the Maritime Canal Company of Nicaragua.

If the United States have no authority to delegate this power of regulating commerce to the Maritime Canal Company of Nicaragua, if this Maritime Canal Company of Nicaragua is not a proper means of carrying into execution the enumerated powers of the United States in regard to commerce, or in regard to any other power of the Constitution, what about the constitutionality of the charter of this corporation? If the United States has power to do or to perform a certain act or thing it is conceded that the United States can use any means necessary and proper to the execution of that authority. That is well-settled law ever since the celebrated case of *McCulloch vs. Maryland* was decided by Chief Justice Marshall.

In that case the decision was that the United States Bank was a valid corporation, because it was a necessary and proper means to carry into execution the power of the United States to lay and collect taxes, and one of the grounds of the decision was that it was necessary and proper for that purpose. But can anybody say this Maritime Canal Company is necessary to carry into execution the power of the United States to regulate commerce over which it has no jurisdiction?

If a suit at law was brought to test the liability of the United States upon this guaranty of the bonds of this company to the extent of \$70,000,000, would it not be likely to be held by the Supreme Court that Congress had transcended its power in chartering this Maritime Canal Company of Nicaragua to construct a canal in foreign territory in order to regulate commerce not within the scope of the jurisdiction of the United States? It can only be to regulate commerce over which we have jurisdiction; it can only be to facilitate commerce between the States that we can construct canals in the States, and if you go outside of the States to construct canals the sine qua non is that the United States own the territory in which the canal or other work is constructed. Without that the United States have no sort of jurisdiction. That is the condition precedent. Unless you can bring the commerce within the jurisdiction of the United States—and you can only do it territorially—you can not place the constitutional power to construct this canal anywhere under constitutional grant.

Mr. President, on the point which I have attempted to maintain relative to the treaty-making power of the United States as the only means to acquire territory, I will read from Justice Story's Commentaries on the Constitution, part of section 1508:

The power to "make treaties" is by the Constitution general; and of course it embraces all sorts of treaties for peace or war, for commerce or territory, for alliance or succor, for indemnity for injuries or payment of debts, for the recognition and enforcement of principles of public law, and for any other purpose which the policy or interests of independent sovereigns may dictate in their intercourse with each other.

That the United States have all the power of every foreign nation or any other nation on the globe in regard to all matters of international moment it is hardly necessary to quote any authority, but as the Commentaries of Chancellor Kent are full on that subject, I propose to read an extract. In part of lecture 1 in Kent's Commentaries I find:

When the United States ceased to be a part of the British Empire, and assumed the character of an independent nation, they became subject to that system of rules which reason, morality, and custom had established among the civilized nations of Europe as their public law.

During the war of the American Revolution Congress claimed cognizance of all matters arising upon the law of the nations, and they professed obedience to that law "according to the general usages of Europe."

By this law we are to understand that code of public instruction which defines the rights and prescribes the duties of nations in their intercourse with each other.

The faithful observance of this law is essential to national character and to the happiness of mankind.

According to the observation of Montesquieu, it is founded on the principle that different nations ought to do each other as much good in peace and as little harm in war as possible, without injury to their true interests.

But as the precepts of this code are not defined in every case with perfect precision, and as nations have no common civil tribunal to resort to for the interpretation and execution of this law, it is often very difficult to ascertain, to the satisfaction of the parties concerned, its precise injunctions and extent; and a still greater difficulty is the want of adequate pacific means to secure obedience to its dictates.

Mr. President, this matter has been before the Congress of the United States before I had the honor of coming into this body. It was pretty thoroughly discussed in the second session of the Fifty-second Congress. There were a great many reasons assigned why

the canal should not occupy this present route. I read very recently the speech of the Senator from Minnesota [Mr. DAVIS], in which he set out that Nicaragua was the home of the earthquake, and that nearly all the seismic disturbances which have convulsed this continent had their origin in this protean bed of earthquakes in the confines of Nicaragua.

He cited a number of scientists—Humboldt, Professor Squire, Professor Kneeland, and others—and he established from their writings, although there had been no earthquakes there recently, that this canal, if built in that country, might be liable to be destroyed at any moment by the recurrence of one of these frightful convulsions. I do not know whether this would be, in the opinion of experts, a sufficient ground to change the route or not, but it is sufficient for me that this whole subject-matter ought to be very carefully and fully examined before we establish a route at one place or the other over the Isthmus in the event that any canal is to be constructed.

The Panama route has been condemned principally by the failure of M. De Lesseps to construct it. It is charged that the Chagres River is absolutely uncontrollable; that after the expenditure of \$250,000,000—or francs—dollars, I believe.

Mr. TURPIE. Dollars.

Mr. CAFFERY. That it would be a piece of unpardonable folly to attempt to dig the canal at that point on the Isthmus.

There was a very great engineer who solved the problem of deep water at the mouth of the Mississippi—Captain Eads—who claimed that the Tehuantepec route is safer and better for transit from ocean to ocean by means of a ship railway.

It is stated that Captain Eads having died he has left no heir to his magnificent engineering genius. I am not prepared to admit that statement; I am not prepared to concede that the engineering skill of this present day among the able engineers in the United States and in Europe can not produce one man who can construct a ship railway across the Isthmus of Tehuantepec. That route is said to possess peculiar advantages; it is shorter to connect the Pacific Slope with the Atlantic Seaboard by some thousand miles on an average. A railway is easily constructed. There are no terrors of dams; sluices of rain do not fall, as the Senator from Indiana [Mr. TURPIE] says they fall at Nicaragua; and if it were possible to construct a ship railway across the Isthmus of Tehuantepec out of the way of the regions of calm that beset the seas round about Nicaragua, where sailing vessels could come, where there are better harbors, in my opinion—which, however, I hold at very little myself about these engineering matters—I should prefer the Tehuantepec ship railway, but the whole matter, in my opinion, when it comes down to the point of constructing some means of communication between the oceans, ought to be fully and carefully and scientifically examined.

I fully agree with the Senator from Indiana that before a spadeful of dirt is put upon this work by and through the United States a commission of engineers, as proposed in his substitute, should examine every single inch of territory over which the canal is to be constructed, and should make full and careful estimates of expenses, and should select a route by canal or railway, either at Tehuantepec or at Nicaragua or at Panama, just as their judgment and science dictated. I think it would be exceedingly unwise as a general proposition to take the plan of this route as laid down by the Maritime Canal Company as the plan upon which we should construct the canal without further investigation.

It is manifest, Mr. President, from reading the reports, that the allegation of the Senator from Indiana is entirely supported, that no competent survey, no such survey as ought to justify the United States in a subvention of this magnitude has been made of the Nicaragua route. It is true that a very competent engineer, Mr. Menocal, has surveyed this route; it is true that a consulting and advisory board of engineers in the city of New York have examined the plans and profiles and estimates of expenditure; it is true that engineers in the United States at various times have passed over this route and have examined it, but no survey of a kind that would justify such an expenditure of money as is asked for here has been made anywhere, nor has been made at any time by any competent engineer of whom we know, except Mr. Menocal. So I say, as preliminary to the construction of a canal, if this route is adopted, there should be a practical, thorough, and exhaustive survey of the land over which the canal is to be built by the Engineer Corps of the United States, as proposed in the substitute offered by the Senator from Indiana.

Mr. President, when we come to consider this bill I must confess that there are provisions in it which I can not indorse. The great pivotal provision of the bill, around which all the other provisions group themselves, is the provision for the guarantee of the bonds of the Nicaragua Canal Company by the United States Government to the extent of \$70,000,000. That is the great pivotal provision; that is the center of the bill. This enormous sum of money is to be paid out by the Government of the United States through the sale of its bonds for the purpose of aiding in the construction of the canal.

The assertion that the Maritime Canal Company of Nicaragua is a suppliant at the door of Congress for a subvention has been somewhat indignantly denied. How that can be denied in the teeth of the exertions to pass the pending bill for this company is something I can not conceive. When this company first came before Congress the declaration was made by it, or by its supporters, that all that was wanted was the imprimatur of the United States; that they wanted the seal of the United States; that they wanted a charter from the United States; that they wanted no money from the United States. It was claimed that the marts of Europe were open to them, that the money centers would flow out in streams of living gold into the treasury of this company to construct this great work, and that all they wanted was this charter. Now it occurs that that was not all; that that was just the commencement of their wants.

What will be the end of their wants if the Government of the United States ever undertakes this measure there is no man in the Senate wise enough to say. We start with \$70,000,000. That is the pivotal point of the bill. Four million and a half of this money are to be given in the way of bonds to take up the expenditures of the company. Seven million dollars of stock are to be disposed of to certain persons or corporations with whom the Maritime Canal Company have made contracts of various sorts. The provisions of this bill are voluminous, they are as voluminous as the subject is vast, and it will take a very considerable time for me to discuss them with that degree of fullness which I shall attempt to do.

[At this point the honorable Senator yielded the floor for a motion to proceed to the consideration of executive business.]

Friday, January 18, 1896.

Mr. CAFFERY. Mr. President, when I was last addressing the Senate on the pending bill I had commenced to discuss its provisions. I will, however, revert to a matter germane to the points that I had discussed before going into the discussion of the bill.

The distinguished Senator from Alabama [Mr. MORGAN] stated that the United States Government has all the foreign power and jurisdiction that any other Government has, and he instanced the case of taking stock by England in the Suez Canal as authority and precedent for the United States to take stock in the Nicaragua Canal Company. It occurs to me that before the Senator from Alabama can cite the taking of stock by England in the Suez Canal as a precedent to establish the right of the United States to take stock in the Nicaragua Canal Company he must first establish that the taking of stock in a private corporation is the exercise of foreign power.

In order to discuss that question intelligently, it occurs to me that we must first ascertain what are foreign powers as distinguished from domestic powers. I think it may be laid down as a safe proposition that a foreign power of any government is one to be exercised solely by the government as against or in conjunction with other governments. It is a power external. It is a power to be exercised by the sovereign only. It is a power that can not be exercised by individuals nor be delegated to individuals. A foreign power is one in the exercise of which there is involved some international relation. Any question of the right of our citizens in foreign territory, either as to person or property, would legitimately come within the limits of the definition of an international or foreign right.

Now, tested by these rules or this definition, is the taking of stock in a private corporation organized for purposes of gain to that corporation the exercise of any kind of power or jurisdiction? I do not think that there can be any answer given in the affirmative to that proposition. It is a domestic right or a domestic power, if any. It is a private right which can be exercised by any citizen of this Republic. It is not a power residing solely in the Government. In this particular instance I do not see how it would affect our international or foreign relations, even conceding that the United States had a right as a business matter to take stock in a private corporation.

The argument of the learned Senator from Indiana [Mr. TURPIE] on that point appears to me to be entirely convincing. He propounded a query as to what constitutional authority the United States had to indorse or guarantee the bonds of a private corporation. I think I have shown by citations of eminent authority that this is not a public corporation. It is a private corporation; the query of the Senator from Indiana remains unanswered; and I claim that it is unanswerable under constitutional limits.

Therefore, I take it, Mr. President, that the taking of stock in the Nicaragua Canal Company by the United States is a mere private right, a domestic right. It is the exercise of no sort of foreign power, nor can any stretch of the Constitution be made to cover the exercise of any such right as an international or foreign right.

The power is invoked on behalf of the United States to take stock in this Maritime Canal Company of Nicaragua under the

commerce clause of the Constitution. It is invoked under the power of the Constitution to regulate foreign commerce, and it is invoked under some indefinite, vague, illimitable right to exercise any authority or power that any foreign government may exercise.

Concede, Mr. President, that England can take stock in a private canal company anywhere organized, for any purpose, in any foreign territory, does it follow that the United States can do so? Concede that the British Parliament is paramount and supreme over all matters, and Parliament votes a sum of money to purchase stock in the Suez or other canal, can the United States Congress vote likewise for the United States to take stock in a private corporation organized for any purpose whatever?

The right is one that must flow directly from the Constitution as a domestic right. It is not a public right or power; it is not the exercise of any foreign jurisdiction whatever, and it can not come under this wide canopy of indefinite rights that is attempted to be stretched so as to include the foreign jurisdiction of the United States.

I consider, Mr. President, that the Senator from Alabama and the advocates of this bill in the Senate are no happier or more fortunate in attempting to establish the right of the United States either to construct the canal or to take the stock in the construction company under the power to regulate foreign commerce than they are under the power to regulate commerce between the States. The power to regulate commerce among the States is clearly a domestic power. The power to construct the canal can not extend to regulating commerce among the States, commerce mingled among the States. That authority can not extend to allowing the United States Government to construct canals or other works in aid of commerce anywhere on the civilized globe. It would be a contradiction of the terms of the grant itself. To regulate commerce among the States has always been held to include such works in aid and in facility of commerce as were established in our borders and would be under our jurisdiction.

The Democratic party for a long time resisted the implied power of the Government to facilitate commerce by the erection of such works as canals, breakwaters, and other works tending to facilitate commerce under the specious argument that the power to regulate did not include the power to facilitate; but it occurs to me, while I think I am as fair a Democrat as most in this body, that that construction was not warranted. I believe the construction is warranted that tends to make the regulating power of commerce a live power, an active power, and that anything which would energize that power and set in motion the instrumentalities to facilitate commerce would tend directly in aid of the constitutional grant to regulate commerce.

But that must be among the States. That must be in our own borders so far as State commerce is concerned. By no implication however broad, by no construction however wide, was it ever contended, and, in my opinion, it never can be contended, that this power to regulate interstate commerce could include the erection of works to facilitate commerce outside of our own territory. A construction of that sort appears to me entirely foreign to the letter and spirit of the Constitution. As I said before, and as I repeat now, I believe that the sine qua non for the erection of any work for regulating commerce, either interstate or foreign, is that the work be upon our territory; that we have complete jurisdiction and authority over the work; and that we would not be subject to the numberless embarrassments that would flow from police power and eminent domain of a foreign territory over a work constructed by the United States.

Mr. PEPPER. Will the Senator from Louisiana allow me?

Mr. CAFFERY. Certainly.

Mr. PEPPER. I agree in the main with the purpose of the Senator's argument, but there is one point which I think he is about to pass from that is not quite clear to my mind. I wish to inquire of the Senator from Louisiana, supposing that the object of this bill is to facilitate interstate commerce or commerce among the several States of the Union, whether he believes that going outside of our territorial jurisdiction, as we would have to do in this case, takes it out of the constitutional limitation as to the regulation of commerce among the several States?

For instance, if I can make myself clearer, in order to connect closely the commerce of the Atlantic States with the Pacific States, it will be much more easy and convenient for us to pass from the ports of one to the ports of the other through the foreign country across the isthmus. Does the Senator hold that that fact would take it out of the jurisdiction of Congress, under the provision of the Constitution with relation to domestic commerce among the several States?

Mr. CAFFERY. I do. I do not believe, for instance, to illustrate my meaning, that the United States Government can give its aid or subvention to a railroad to be constructed across the British Dominion to connect Alaska with Washington, nor do I believe that the United States Government can give its aid or subvention to a canal to be constructed across the Isthmus of Darien, unless the United States, under Constitutional authority and power,

acquire the territory over which the means of transportation are located.

I believe it is absolutely necessary to have the transit under the power and jurisdiction of the United States, because the end of the authority is not to construct the work. The end of the authority is to facilitate commerce. But the commerce flowing through the canal must be under the regulation of the United States, and how can you regulate by the United States when you intervene an instrumentality beyond the power and jurisdiction of the United States? What right have we here to prescribe by Congress any kind of regulation in regard to speed, the lights, and the landing of ships navigating the canal; or in the case supposed of a railroad from Alaska to Washington, what right would the United States have when it gave its subvention to a private company, to regulate tolls, to regulate traffic, to impose regulations of various kinds necessary to the full exercise of the jurisdiction of the United States in regard to regulating commerce?

Mr. PEPPER. Mr. President—

The PRESIDING OFFICER (Mr. PLATT in the chair). Does the Senator from Louisiana yield to the Senator from Kansas?

Mr. CAFFERY. Yes, sir.

Mr. PEPPER. I understand the Senator to be of the opinion that we have constitutional authority to acquire (with the consent of the other nations, of course) a strip of land across Nicaragua.

Mr. CAFFERY. Yes, sir.

Mr. PEPPER. And that having so acquired such a strip of territory, that would bring the construction of the works there by our Government within the constitutional limitation.

Mr. CAFFERY. Yes, sir; we would have full jurisdiction over the commerce flowing through the canal.

Mr. MITCHELL of Oregon. Will the Senator from Louisiana yield to me?

Mr. CAFFERY. Certainly.

Mr. MITCHELL of Oregon. If that be true (and I have no doubt it is true as the Senator states), what is the difference between that kind of a status and the status that would exist where a foreign government has a concession—not by treaty, but a concession as in this case—which authorizes the Government of the United States, as we hold, to go there and construct a canal? What is the difference between the two? If, in the case put by the Senator, the United States has the power, in order to regulate commerce among the States, to construct a canal over foreign territory, the United States owning that foreign territory, why can the United States not do the same identical thing when it has a right to go there and construct a canal, even though it does not own the territory?

Mr. CAFFERY. The Senator's question, I think, illustrates somewhat the proposition. If the United States have the right, as I understand the question—I will put it and answer it—to construct a canal over foreign territory, owning the territory, then the United States can construct a canal over its own territory; it does not do it over a foreign territory. What is the difference between that case and a case where the United States virtually does it through a private corporation? I will state the distinction.

It is the private corporation that regulates commerce; it is not the United States which regulates commerce; the power of sovereignty of the United States can not be delegated that way; the United States must act directly, as it has done in the numberless bills that have passed Congress to regulate commerce. What right has the Congress of the United States to impose any regulation whatever on the Maritime Canal Company of Nicaragua? None whatever.

Mr. MITCHELL of Oregon. Will the Senator from Louisiana allow me?

Mr. CAFFERY. Certainly.

Mr. MITCHELL of Oregon. If the United States did own a strip of land across the Isthmus, then the Senator admits that the Government directly could build a canal there in order to regulate commerce?

Mr. CAFFERY. Yes, sir.

Mr. MITCHELL of Oregon. Does he hold that in that case the Government of the United States could not employ as an appropriate instrumentality a corporation in which the Government of the United States held the controlling stock, and then through that instrumentality the company might construct the canal; and if not, why not?

Mr. CAFFERY. It would depend upon the kind of instrumentality. An instrumentality that itself regulates commerce the United States could not employ. An instrumentality that might be self-regulating the United States could employ, as in the case of the United States Bank, which was incorporated under the power to borrow money and to collect taxes. That directly tended to the result. The result was accomplished. Constructing the canal is only the means to an end. It is not the end of the power. When the United States undertakes to regulate commerce through an instrumentality which has no power to regulate commerce

under the Constitution, then the United States, in my opinion, is doing an unconstitutional act.

Mr. MITCHELL of Oregon. The United States must control, undoubtedly.

Mr. WHITE. If it will not annoy the Senator, I should like to ask him a question.

Mr. CAFFERY. Certainly.

Mr. WHITE. Does the Senator hold that the Government of the United States, if it became aware of the existence of obstruction, such as hidden rocks in the ocean outside of the jurisdiction of the United States, which was, in the opinion of the Government, an obstruction such as would interfere with commerce, does the Senator hold that in that event Congress would have no power to appropriate money to remove that obstruction, if it were outside of our territorial jurisdiction?

Mr. CAFFERY. I do not. The foreign jurisdiction of the United States extends over the high seas. Our jurisdiction follows our ships on the high seas.

Mr. WHITE. I would ask if in aid of our commerce we could not cut through an island, for instance, which we did not care to pass around because of the existence of reefs.

Mr. CAFFERY. If the imagination of the Senator from California will construct or build out of one little obstruction in the vast ocean an immense isthmus, I can not follow him.

Mr. WHITE. It was the principle for which I was contending.

Mr. CAFFERY. Those rocks in the ocean would be under the jurisdiction of every power to remove obstructions to commerce. The territory of Nicaragua is under Nicaraguan jurisdiction, and none other; it is the sole possession of that sovereignty; and I do not think there is any parallel whatever in the case supposed by the Senator from California and the case which I am attempting to illustrate.

If we can find a constitutional way to construct this canal, rather than to stretch this instrument so much that it might part in twain, I submit to the Senate whether it is not wiser so to do.

I would ask Senators what is there in the Maritime Canal Company of Nicaragua which claims any especial attention at the hands of the Senate of the United States? To me it is nothing more than any other private corporation. I believe the gentlemen who promoted this vast scheme were actuated by honest and patriotic purposes; I believe that they had the ordinary incentive which moves human conduct; I believe that they entered into this scheme in order to make a good investment upon the capital employed by them, and that they might have been carried away with the glamour and fascination of this vast enterprise, yet I think that in the main it is a private enterprise for private gain. I have not a word to say against either the intelligence or the patriotism of these gentlemen, whoever they are, nor do I think that the scheme which they propose is so wild and so impracticable as to be dismissed without considerable scrutiny and investigation—I mean the scheme of the route which they have located.

Mr. President, I shall attempt briefly to run over the provisions of the bill, and comment upon them as I go along.

The first section simply states that the shares shall be \$100 each, and not in excess of a million, making \$100,000,000 of capital stock.

The second section provides that the words "the Nicaragua Canal," wherever they appear in the act, shall be held to include all property, real and personal, franchises, rights, privileges, and immunities which belong to the company under the provisions of the bill.

The third is quite an important section. The third is that, in consideration of the provisions of the act and before any bonds are issued under it, all the stock of the Maritime Canal Company of Nicaragua heretofore subscribed for or issued, except as in the act provided, shall be called in, canceled, and returned to the treasury of the company; that all bonds issued by the company and obligations to deliver bonds shall be redeemed; that all outstanding liabilities of said company shall be satisfied, and that all contracts and agreements heretofore made not consistent with the provisions of the act shall be canceled.

Mr. President, this matter has been before the Senate of the United States ever since 1891. It appears fully from the evidence springing from the promoters of this enterprise themselves, found in the report submitted by the distinguished Senator from Alabama, the Chairman of the Committee on Foreign Relations [Mr. MORGAN], that all these companies are pretty much the same. The first association, the unincorporated association which obtained the concessions from Nicaragua, the Canal Construction Company, which was incorporated under the act of the legislature of Colorado, and the Maritime Canal Company, the one which asks this subvention, are all composed, or were composed, of nearly the same individuals. This appears from pages 238 to 243, inclusive, of the report, where it is stated that the gentlemen who compose, or did compose, these various companies, were nearly all the same.

Mr. VEST. That appears from Hitchcock's testimony.

Mr. CAFFERY. It appears from the testimony of Mr. Hitchcock, the president of the Maritime Canal Company. It occurs in

the proof that when these concessions were made the Maritime Canal Company of Nicaragua immediately entered into a contract, you may say with its alter ego, through ostensibly the agency of the Nicaragua Canal Construction Company, to construct this vast work.

In this section provision is made that all contracts heretofore made not consistent with the provisions of the act shall be canceled. All the stock, all the bonds and obligations to issue bonds, and all the contracts theretofore made are to be canceled, except the contracts consistent with the act, whatever those contracts heretofore made may be. It appears that the original draft of the bill, as presented to the Senate in 1891, contained the words "heretofore made or to be hereafter made."

Those words are stricken out; but in the interim between that time and this those promoters, who can so easily deal with one another—it does not take long to make a trade when you are trading with yourself—can easily change the nature of these contracts, and can transfer them from one party to another, and if these contracts are consistent with the provisions of this act they are not to be canceled. Any contract made for the construction of the canal is entirely consistent with the provisions of the act. The contracts made for the construction of this canal are precisely the kind of contracts which I think the Senate of the United States ought to carefully investigate before it grants this enormous subsidy of \$70,000,000 in the way of a guarantee of the bonds of this company.

I will state in this connection that I believe it is in section 7 that provision is made for calling in and cancelling whatever contracts may have been heretofore made with the Nicaragua Canal Construction Company, for that provision is very easily evaded by the facilities with which these gentlemen can trade with one another, and that the contract with them might have been cancelled long ago and let to some other of these promoters; and because it is technically provided in section 7 that this contract of the Canal Construction Company of Colorado shall be canceled, it does not follow that an identically similar contract with one of the companies should not be transferred over to one of these promoters, and it is quite likely that that is the case.

Section 4 is the pivotal provision of the bill, taken in connection with section 5. That is the provision which authorizes this Maritime Canal Company of Nicaragua to issue \$70,000,000 of bonds. These bonds are to be engraved in the Engraving Bureau of the United States; they are to be issued from the Treasury to this company, and provision is made in this section that prior to the 1st of July, 1897, not in excess of \$30,000,000 of these bonds are to be issued to the Maritime Canal Company. There is provision made for a mortgage in this case to secure the payment of these bonds. I shall hereafter have something to say about that mortgage; whether or not it is a futile mortgage, or whether or not it is a material mortgage, or one which affords any security whatever.

The fifth section of this bill, the main clause of it, relates to the guarantee of these bonds by the United States. The guarantee is very full and explicit. These words are to be indorsed upon the bonds:

The United States of America guarantees to the lawful holder of this bond the payment by the Maritime Canal Company of Nicaragua of the principal of said bonds and the interest accruing thereon, and as it accrues.

Provision is made in section 6, in case the obligor company, whose bonds are thus guaranteed, fails to pay principal or interest, and the United States pays according to the tenor of its guarantee, the United States is thereby subrogated to all the rights of the holders. It further states that the subrogation of the United States to the rights of the holders of the bonds secured by mortgage shall not be exercised until five years after the canal is put in successful operation, or until default is made prior to the canal being put in successful operation.

I have somewhat anticipated section 7, but it is substantially that before any bonds indorsed under its provisions are issued, and after the surrender and return to the treasury of the company of all stock that may have been issued, and after the surrender and cancellation of all bonds, bond scrip, and obligations to issue bonds, and the cancellation and extinguishment of all contracts, except the concessions from Nicaragua and Costa Rica, but including agreements with the Nicaraguan Canal Construction Company, the directors of this company shall call a meeting to see whether or not they will accept the provisions of the act.

I hardly think there is much use in putting that provision in the bill. After the very strenuous efforts to get this subvention, I hardly suppose that they would put away the tempting offer in the bill, but it was put there out of abundant caution, I suppose, lest they might change their minds and think they could dig this canal with their own money; more especially would this thought be a very lively and imaginative one after it had been ascertained that the assets of the company had been sold out, or are in the hands of a receiver.

The section goes on to provide for the distribution of the capital

stock of this company—\$70,000,000 of the capital stock, nonassessable and fully paid, to belong to the United States; \$6,000,000 of stock to belong to Nicaragua; one and a half million dollars of it to belong to Costa Rica, and the remaining stock of the company, to wit, twenty-two and a half million dollars, to be distributed as provided in section 2, and it is distributed thus: Not in excess of \$7,000,000 of the stock at its par value and nonassessable are to be given to such persons as the Maritime Canal Company may designate, in order to cancel and extinguish all its issues of stock heretofore made, except only those made to the Governments of Nicaragua and Costa Rica, and all outstanding obligations for stocks, bonds, or bond scrip heretofore entered into by the company. That leaves fifteen and a half million dollars of stock.

Section 9 has this provision, that the proceeds of the remainder of the capital stock, fifteen and a half million dollars, if sold, shall be applied exclusively to the construction of the said canal; and the company may offer this stock for subscription and sale at such time or times and at such prices as they shall in their discretion determine; but provision is made that in no event shall the stock be sold for less than par and for cash.

Why, Mr. President, this gift? We find out further along that this company gets four and half million dollars of bonds to aid in the payment of the actual expenditures of the canal cost. Now, we find that it has fifteen and a half million dollars of stock given to it, with the discretion to sell it.

Mr. MORGAN. If the Senator will allow me, that is the reorganized company in which the United States is a stockholder.

Mr. CAFFERY. Yes.

Mr. MORGAN. This \$15,000,000 of stock is reserved.

Mr. CAFFERY. Exactly; but this stock belongs to the Maritime Canal Company.

Mr. MORGAN. As reorganized.

Mr. CAFFERY. Yes, sir; it belongs to the company. Now they say, if sold, the proceeds of this stock shall be applied exclusively to the construction of the canal.

The next provision is that if this stock is not sold in a reasonable time, the officials of this company shall apply to the Secretary of the Treasury, and he shall deliver to them \$2,000,000 of the guaranteed bonds of the United States to carry on the work.

Mr. MORGAN. That is to begin the work.

Mr. CAFFERY. That is to begin. Why this provision giving a discretion to the Maritime Canal Company to sell bonds? It is put in here for the purpose of construction, of being sold so as to yield the means of construction. Why not have them sold? It is manifest that the company will not sell this stock; it is manifest that if the money can be derived from the Government of the United States, as provided for in this section, the holders of this stock are not going to sell it. If they can have the canal built and keep their stock, as wise men, as men who have entered into this undertaking not entirely from lofty motives of patriotism, I imagine they certainly will keep this stock, and they certainly will avail themselves of the brilliant opportunity of this stock being at par by the construction of this canal by the Government of the United States. A provision is made at the outset which destroys the sale of the stock. While this undertaking is inchoate, while it is an untried experiment, the condition attached to the sale is that the stock shall bring its par value. It is entirely manifest that under these conditions the stock will not bring its par value, and it could not be sold. While the power of sale is given on the one hand, it is practically denied on the other.

I have anticipated section 10 in stating that the company shall get \$2,000,000 of bonds if they do not sell their stock.

Section 11 provides that the Secretary of the Treasury shall cause an account to be started with the Maritime Canal Company as soon as practicable after the passage of the act, and that account shall include all necessary and proper expenditures made in and about the construction of this canal up to the time of the opening of the account; but for the liquidation of this amount not more than four and a half million dollars of these guaranteed bonds are to be turned over to the Maritime Canal Company.

I suppose, Mr. President, that it will be very unlikely that any less amount than \$4,500,000 of these bonds will be called for to liquidate the expenses in and about the construction of this canal up to the date of the delivery of the bonds.

Section 12 gives the President of the United States—

Mr. VILAS. Before the Senator passes to that I should like to ask him if he is able to explain what the purpose of section 8 is in providing for the issue of \$7,000,000 to extinguish the stock issued and outstanding obligations and at the same time to be accompanied by section 11, which provides for reimbursement of all the cost of building the canal?

Mr. CAFFERY. I must confess, in answer to the question of the Senator from Wisconsin, that that has been somewhat of a puzzle to me. I went over the report and I discovered from the testimony of one of the promoters of the canal what are said to be the reasons, not exactly the reasons why this provision is incorporated in the act, but such reasons as may have been the

foundation for it. It puzzled me a great deal in reading this bill when I discovered that four and a half million dollars of these bonds paid for everything that had been done up to date, why \$7,000,000 more of stock was to be given to liquidate the obligations and the scrip of the company; but I discovered in this report evidence showing that some of this scrip had got into the hands of third persons, so it is alleged, and it would be necessary to have an additional amount beyond the four and a half millions to take up the stock, scrip, bonds, or what not, that might have been issued by the Maritime Canal Company and held by third persons.

I imagine that to be the reason, and also that it was a bonus, as it were, to these persons for obtaining the concessions. I see that that is made the ground of turning over this amount of stock—the work of getting the concessions from Nicaragua and Costa Rica—these franchises which are alleged to be so excessively valuable, that I believe my learned and distinguished friend from Indiana stated that the whole franchises were sold out for \$285,000. Is that so?

Mr. TURPIE. The assets.

Mr. CAFFERY. The assets, I suppose, including these concessions; but it was made the ground, I suppose, of the additional issue of the \$7,000,000 of stock. If that is not the explanation, I am incapable of giving one. When everything has been paid off by the four millions and a half, when everything is liquidated, and they provide for the maximum of four and a half millions of dollars to liquidate everything, I could not see why there should be any additional issue of \$7,000,000 of this stock which, in the event of the United States taking hold of the canal, would certainly go to par, or likely go to par, and be worth that much money; and I believe it is explained by such lame explanation as I have been able to give.

The President of the United States is charged in the twelfth section with a very onerous work. He is authorized and directed to cause careful and detailed estimates and statements to be made by duly appointed inspectors, not less often than quarterly each year, of the actual cost of all work done, of the plant, material, and services supplied on the canal, including reasonable costs of administration during each quarter, and upon the filing with the Secretary of the Treasury of these detailed estimates, certified to by the inspectors, the amount of work done for that quarter is to be paid for.

I think that is a very onerous service to require of the President of the United States. He appears to be robbed entirely of any supervision over the canal. He can not say whether the work has been done properly or improperly. He can only inspect through the inspectors and cause these careful and detailed estimates to be made. I would ask what sort of protection the people of the United States, who have to pay those bonds, would derive from this kind of supervision? No authority whatever is given to the President to suspend the work, to correct the work, to alter the work, but simply to find out how much work has been done, certify to it, and the money will be paid.

Section 13 goes a little further into the matter. It diverts somewhat from the section as to inspection, and provides that ten of the fifteen directors of the company shall be appointed by the President of the United States, by and with the advice and consent of the Senate. I shall have something to say about that hereafter.

Section 15 appears to have been drawn with great care, in order to conserve whatever rights the United States may have in the premises, but I think that the paper guaranty of this section falls very far short of its purpose. In order to secure the feasibility and permanence, etc., of the canal the President of the United States may select three engineers, one from the Corps of Engineers of the United States Army, one from the Navy, and one from civil life. Their powers are that they shall visit and carefully inspect the route of the canal, to examine and consider the plans, profiles, sections, prisms, specifications for its various parts, and report thereupon to Congress.

In the address of the distinguished Senator from Indiana [Mr. TURPIE] he adverted to the fact that this is not at all mandatory on the President of the United States. It simply resides in his discretion, and he may or he may not appoint the engineers, as he sees proper. But what is the authority with which they are charged? They have but little, if any more, authority than the inspectors provided for in the preceding section. They examine the route; they inspect; they consider the plans, profiles, sections, and prisms and specifications. They have no original work to do; they are charged with no authority to alter anything.

Mr. TURPIE. They can direct nothing.

Mr. CAFFERY. They can direct nothing, but the whole thing is cut out in advance. They have to examine and report upon what the engineers of the Maritime Canal Company have done or are about to do. There is no sort of original authority to discontinue the work if in their opinion it is found to be impracticable.

In this connection I will revert to a clause in one of the sections, the number of which I do not now remember, which says that

the President of the United States may suspend the operations on the canal. But it is to be observed that it is a mere discretionary authority, without the slightest basis to rest upon. Suspend for what? Is the President of the United States going to imagine grounds upon which he might suspend? Here is a discretion given to him in the pending bill to suspend the work, but there are no grounds whatever laid out in the bill upon which to base the Presidential action.

I say the provision is powerless or futile; that no President of the United States would undertake arbitrarily to suspend unless for grounds laid out in the act. There is no general authority given to him to suspend for any purpose or for all purposes. But the whole of the proposed act is teeming with provisions which lay out the work in advance. It must be done according to the profiles, plans, and specifications of the engineers of the Maritime Canal Company. The President could not interrupt action on that line; he could not hinder it. Where would there be an opening for the President to exercise the discretionary power granted to him in the bill?

Mr. President, I will now take up the concessions somewhat. According to the eighth article the present concession is transferable only to such company of execution as shall be authorized by the Nicaragua Canal Association, and in no case to governments or foreign public powers, nor shall the company cede to any foreign government any part of the lands granted to it by the contract, although it may make transfers to private parties under the same restrictions. The Republic of Nicaragua can not transfer its rights or shares by selling them to any other Government.

I will also read article 10 of the concession, and the concessions from Costa Rica are about identical with those from Nicaragua. The company shall be organized in the manner and under the conditions generally adopted for such companies. Its principal office shall be in New York or where it may be deemed most convenient. It may have branch offices in the different countries of Europe and America, where it may consider it expedient. Its name shall be the Maritime Canal Company of Nicaragua, and its board of directors shall be composed of persons one-half at least of whom shall be chosen from the promoters who may yet preserve their quality as such. In view of the article from which I have just read, what becomes of the provision in the pending bill that the President of the United States may appoint ten of the fifteen directors of the Maritime Canal Company?

Mr. President, it is manifest to my mind that the basis of the rights of the company spring from the concessions of Costa Rica and Nicaragua. Those concessions are paramount. When the Government of the United States intervenes in the matter and incorporates a company on the basis of those concessions, the Government of the United States is bound by the concessions. The concessions are paramount to any act of the American Congress. In another part of the concessions it will be found that Nicaragua and Costa Rica each maintain the right to appoint one director. So if my contention is correct, that the concession is paramount to an act of Congress, then a majority of the directors may be in the hands of persons inimical to the interests of the United States, even conceding that the United States would grant a subvention and pass the pending bill. Here, to my mind, is an absolute obstacle to the realization of the claim made by the advocates of the pending bill that the Maritime Canal Company will be virtually under the control of the United States through its directors.

How would the directors of the United States vote? Who would control them? There is another question. Would we in advance pass an act of Congress that they should vote so and so? Is it to be supposed that they of their own volition, knowledge, and conscience would always undertake to represent the interests of the United States? This is a suggestion that occurs to my mind. Even supposing we had ten of the fifteen, a majority of the board of directors, how would we manage them? By what process? How would the United States act? But here is an absolute bar. Here is an obstacle to the United States having the control, and the language of the concession is peremptory. The board of directors shall be composed of at least one-half of the promoters of the original scheme who may yet preserve their quality as promoters.

Mr. VEST. How would they get one-half of fifteen?

Mr. CAFFERY. They would have to have sixteen directors, or you would have to give them a half man; you might give them seven and a half votes. But the board of directors would have to be organized so as to give the original promoters half. If this provision of the concession is paramount there must be sixteen directors or an even number of directors in order to give them half. It is paramount in control, and I can not see how there can be any two opinions as to the paramount bearing and operation of article 10 of the concession.

Mr. VILAS. It is the law of the sovereign of the land.

Mr. CAFFERY. Yes, sir; and the law of the sovereign of the territory; the sovereign who maintains and keeps the police power; the sovereign who under other terms of the concession has stipulated in advance for 50 per cent less tariff on tonnage than any

other nation traversing the canal by its ships; the sovereign who has the right in another section to supervise any modification of the tariff that the board of directors may adopt.

Provision is made in article 43 that by way of compensation for the expenses of survey, construction, etc., the company shall have the right to lay tolls; and it says that the tariffs may be modified by the company at any time on condition that all modifications that may be introduced shall previously be communicated to the Government of Nicaragua, which in case of finding them within the limits established by article 42 shall cause them to be complied with as if they were regulations enacted by itself.

Mr. President, what sort of a figure does the United States cut in a corporation of this kind? Under any construction of these concessions they are paramount. Nicaragua and the promoters can control every single regulation of that company, and the Government of Nicaragua takes especial pains even to say that after the establishment of tolls, of regulations of any kind relating to commerce, when any modification of the regulations is attempted or proposed those modifications must come within the jurisdiction of the Government of Nicaragua and its supervision, denuding us of all authority, depriving us of any right whatever to regulate commerce.

Who would regulate the commerce under this bill? In the first place, as I have contended, it would be the Nicaragua Canal Company at best, even under a state of affairs where the United States has a majority of the directors; but the articles of this concession show that the United States could not regulate even that instrumentality, if regulation you might call it; that it would be deprived of any power of regulation even in an indirect manner.

Mr. VILAS. Will the Senator from Louisiana allow me?

Mr. CAFFERY. Certainly.

Mr. VILAS. I call the Senator's attention to the way in which that reinforces the argument which he made in respect to the want of constitutional authority in Congress. It demonstrates, as the Senator puts it (and I call his attention to it to see if I am not correct in the idea), that it could not be possible for Congress to find the power in the Constitution to employ the money of the United States to create a work for the facilitation of commerce which would be regulated by a foreign government.

Mr. CAFFERY. Certainly; the concessions preserve every substantial power and authority of Nicaragua over the canal. Nicaragua reserves to itself the right to police this canal. Further than that, in this article 37 it is provided that—

The Government shall establish all along the line of the canal included between the two terminal ports such police stations and revenue offices as in its judgment are necessary to preserve order in the region of the canal and for the observance of the fiscal laws of the Republic. All expenses incident to this service, including those of buildings, endowments, salaries and allowances of employees, and transportation of the forces, shall be paid to the Government by the company.

Not only have we no authority or jurisdiction either over the canal or over regulating traffic through the canal, but we are compelled to pay for the police supervision of the Government of Nicaragua. What that may be nobody can tell. With the tinsel army, with the flare and flash of the tropics, with the extravagant tastes of those people, which crops out in their fanciful military trappings, to what kind of an expense would this company be put to keep up all these trappings of police powers?

Mr. President, it occurs to me that the Senate must pause before it goes into the construction of a work of this sort, garnished all around about with such innumerable difficulties. There are a number of articles in the concession which show that the Government of the United States must own the territory lest it be complicated with thousands of embarrassments growing out of foreign jurisdiction concerning this enterprise.

Mr. President, I was very much instructed and pleased with the able exposition the Senator from Oregon [Mr. MITCHELL] made of the claim of the Pacific Slope for easy and cheap transportation by water to the Atlantic seaboard. I share in every aspiration of that Senator in behalf of his people for cheaper transit for the immense trade of that growing empire on the Pacific Slope, if I may use the word empire in relation to it; I only do it in the sense of territorial extent and magnitude.

Sir, I will say to him, and I will say here in the Senate, that there is no amount of money which can be judiciously appropriated to open the waterways of the United States, to facilitate commerce between the States, whereby cheap transportation will be afforded to conduct the wealth of this great Republic to the door of every man, woman, and child in it, that I will not willingly vote for. But when I stumble across these constitutional barriers I must pause. I have not invoked them out of any hostility to the bill.

I have not invoked them out of any hostility to the project. I am heartily in favor of it, and I believe, as the distinguished Senator from Washington [Mr. SQUIRE] stated, if the President of the United States had now before him the Freylinghuysen-Zavala treaty he might not withdraw it from the consideration of the Senate. That treaty might have been so modified in regard to

guaranteeing the sovereignty of Nicaragua as to have met with both the Executive approval and the approval of the Senate of the United States. However, I find not only these constitutional barriers, but I find barriers springing out of the very concessions which form the basis of the construction of the canal, and I pause, and I say that my judgment and my conscience will not permit me to vote for a bill which I think violates the Constitution of the United States.

Now, Mr. President, in answer to a question propounded by the Senator from Kansas [Mr. PEPPER] the distinguished Senator from Alabama [Mr. MORGAN] stated that we could not build or construct the canal over territory to be acquired by us by treaty with Nicaragua or Costa Rica, or any of the Isthmian governments, because of the obstacle of the Clayton-Bulwer treaty and because such a work might result in war with Great Britain. I look over this report and I discover that the distinguished Senator from Alabama, on behalf of the Committee on Foreign Relations, April 14, 1894, submitted a report in regard to this Nicaragua Canal Company and stated that in the opinion of that committee the Clayton-Bulwer treaty did not stand in the way of the United States constructing a canal across the Isthmus of Darien, or substantially to that effect.

Mr. MORGAN. Under these concessions.

Mr. CAFFERY. Yes, sir. I will read on page 45:

The next step taken after the convention of 1850 was in 1853, when a legislative assembly was constituted to manage the affairs of the settlement.

The report is speaking about the Mosquito settlement.

This was followed by a convention between Great Britain and Guatemala, in 1859, for the establishment of the boundaries between what the treaty chose to call "Her Britannic Majesty's settlement and possessions in the Bay of Honduras" and the territories of Guatemala. The country, or the largest part of it, belonged to Guatemala as the successor to all the sovereign territorial rights of Spain in that region; but by this treaty that which was before a licensed industrial establishment became instantly a possession of the British Crown.

The settlement government continued until 1862, when the settlement was declared a colony of the British Crown and a regular colonial establishment was set on foot; and so from that time to this the form and substance of a regular colonial government as a part of Her Majesty's dominions has continued. It is understood that its geographical dominion has been vastly enlarged from the licensed wood-cutting limitations and boundaries that existed in 1859. All this has taken place systematically and persistently, notwithstanding the declaration of Her Majesty's Government that it should not "colonize or assume or exercise any dominion over" the Mosquito coast or any part of Central America.

Now, say the committee:

If these proceedings of Her Majesty's Government, in respect of one of the most important subjects of the convention—

Referring to the Clayton-Bulwer treaty—

and in absolute opposition to it, do not discharge the United States from all and every of their declarations and engagements stated in that convention, it is impossible to conceive what could.

So I have the authority of the Foreign Relations Committee to state that the Clayton-Bulwer treaty is not an impediment to the acquisition of such territory in Central America or any part of Central America as will suffice for the construction of [the inter-oceanic canal.

But, Mr. President, the circumstances surrounding the negotiations of the Clayton-Bulwer treaty, I believe, would warrant the United States to abrogate it or to disregard it. That treaty was made mainly with reference to the construction of a canal which was thought then to be imminent. The provisions that neither government would assume any jurisdiction over or colonize any part of the country appear to be subsidiary to the main point of the convention, which was to construct the canal. As I heard the Senator from Alabama say, it was one of the most extraordinary treaties and conventions that was ever entered into between civilized nations. Without any sort of regard to the rights of Nicaragua or Costa Rica or Central America these two powers, Great Britain and the United States, undertook to say that they would construct a canal over their territory under their joint supervision, and that they would see that no other nation should exercise any controlling power over that country.

But be that as it may, if the Clayton-Bulwer treaty does stand in the way, and I do not think it does—I am willing to submit to the authority of the Committee on Foreign Relations and its distinguished chairman on that point—if it does stand in the way it is easy enough to enter into negotiations with Great Britain and modify it or abrogate it. If this canal is of such transcendent moment as to warrant the United States in taking hold of it and constructing it, I imagine that we could easily proceed to do so, without violating treaty rights or the rights of the country over which it is to pass. Under the conditions prevailing when the treaty was negotiated, and under the broad statement made that Great Britain herself has violated it and has therefore released the United States from any of its obligations, I take it that if Great Britain has done what the Foreign Relations Committee say she has done, there can be no impediment or obstacle whatever in the United States constructing the canal over the territory in question.

Mr. President, I think that our people in the South, especially

my people, are dwelling somewhat in lofty hopes of what might be the immediate results of the construction of this canal. I do not believe their hopes would be realized immediately or for a considerable period were the canal to be immediately constructed.

Mr. President, trade runs in great currents. Great Britain has absorbed nearly all the carrying trade of the world. Great Britain monopolizes the markets of South America. Great Britain has more traffic with the countries immediately surrounding this proposed canal than the United States. We can approach the east side of South America without the intervention of a canal. We are nearer to it than any other nation on earth. The ports of Brazil and the Argentine Republic are open. The Argentine Republic is fast becoming one of the great competitors of the world in cereal trade. Her exports of wheat are becoming enormous.

I heard some Senator on the floor of the Senate not long ago, I believe it was the distinguished Senator from Colorado [Mr. TELLER], say that the Argentine Republic is fast becoming the competitor of the United States for the foreign wheat market of the world. That is true, and in a little while, if enterprise continues in that country and progress is made at the rate it is now going on, she will be more than a competitor; she will be more than a successful rival. With the undeveloped resources of that country, with its fertile soil and its easy transportation, I do not know but that in the near future the wheat market of London will be controlled by Argentina wheat. But that is mere speculation.

Now, Mr. President, let us look at the imports into the Argentine Republic from the United States and her exports to the United States:

Imports into the United States from Argentina.....	\$5,239,695
Exports.....	4,979,596
Imports from Great Britain.....	21,975,332
Exports.....	28,112,070

What a discrepancy between Great Britain and the United States! About 600 per cent more from Great Britain than the United States! Sir, there is a country right at our door that we could reach without the intervention of a canal, and this table, which I will ask leave to insert in the RECORD, will show the vast discrepancy between the trade of the United States and the trade with the east coast of South America and with the west coast of South America likewise. It likewise shows the trade between the United States and China and Japan and Great Britain.

	United States.		Great Britain.	
	Imports.	Exports.	Imports.	Exports.
Argentine Republic.....	\$5,239,695	\$4,979,596	\$21,975,332	\$28,112,070
Brazil.....	76,222,138	12,388,124	16,996,794	39,975,362
Chile.....	3,906,441	2,980,831	18,737,571	19,501,995
United States of Colombia.....	3,572,918	3,155,777	2,212,334	5,890,225
Ecuador.....	900,228	817,435	619,674	1,306,732
Guam and West Indian Islands.....	22,105,168	18,515,979	14,006,074	15,951,899
Peru.....	819,166	630,721	7,617,254	4,176,958
Uruguay.....	1,623,380	960,006	1,395,465	6,374,294
Venezuela.....	3,625,113	4,297,061	1,242,616	1,861,567
China.....	20,636,565	3,900,457	17,342,220	28,249,129
Hongkong.....	878,078	3,316,032	3,904,496	9,449,005
Japan.....	27,454,220	3,105,494	5,391,374	15,883,156
Central America.....	11,169,067	7,351,005	5,271,504	4,138,163
	178,321,204	67,400,979	115,213,638	180,896,495
Bolivia.....			5,476	24,849
United Kingdom.....			182,659,700	421,134,551

For our Southern ports, outside, perhaps, of coal (and whether it will be cheaper to carry coal from British Columbia to our Pacific States and the Orient that might need it I do not know), the greatest outlet that I can see is for cotton to Japan. But it is distinctly asserted by a writer in the New York Journal of Commerce, a copy of which I got sometime ago, that it is closer to Yokohama by the Suez Canal from England than it is by way of the Nicaragua Canal from the United States. It is closer from Liverpool to Yokohama by Suez than it is from New York to Yokohama by Nicaragua; so I do not see what gain we make in the trade to the Orient. The trade of India can not be taken away from England by way of Suez. We have already the trade of the east coast of South America.

But the great point with me in dealing with this subject is the immense benefit that would be derived to our country. The possibilities of a foreign trade may be enormous. The trade may grow beyond our fondest expectations. We might open a trade with the western coast of South America and with the Orient, Japan, China, Australasia, and New Zealand, and all these countries; but we have a trade at home. Washington, Oregon, California, Alaska cry aloud for this intercommunication between the two oceans; and if I had to put it anywhere under the Constitution I would not put it where the Senator from Oregon [Mr. MITCHELL] put it.

He said that the interstate trade was subsidiary to the foreign

trade. I think in that he erred. He placed the right to construct this canal by this agency under the power to regulate foreign commerce. I would place it, if I wanted to stretch the Constitution, under the power to regulate interstate commerce, commerce among the States. I think it would be infinitely more valuable, infinitely larger in volume, than any foreign trade. The very example that the Senator from Oregon cited shows that 80 per cent more of tonnage passed through the Sault Ste. Marie Canal last year than through the Suez Canal. With all the vast trade between England and her dependency of 250,000,000 people in India, and all the vast trade of Europe with the East, one internal improvement in one year in the United States exceeds the gross tonnage that passed through the Suez Canal by 33 1/4 per cent, I think.

That shows the transcendent importance of stimulating and facilitating our domestic trade. It shows the illusory character of the high expectations of developing an enormous foreign trade through the Nicaraguan Canal. When the Senator from Indiana [Mr. TURPIE] was addressing the Senate the other day, by the magic power of his eloquence and imagination he conjured up from the shades the illustrious dead. He placed the immortal Columbus upon a lofty peak of the Isthmus and caused him to survey with calm, dignified mien the artificial waterway connecting the two oceans.

Were I permitted, Mr. President, with feebleness and at longer distance to continue that flight I would want that magnificent explorer revived to see no pigmy hand unlocking the "secrets of the straits." I would want him to see the Titanic hand of this great Republic opening this waterway to the nations of the earth—not the hand of the Maritime Canal Company. And, sir, I would desire him to hear ocean call to ocean and deep to deep through this narrow channel, and with myriad voice blessing the mighty hand that opened the secrets of the straits as adding another link to the chain of commerce that binds the peoples of the earth in bonds of peace and prosperity.

The Currency—Volume Controls Price and Prices Control Profits, Prosperity, and the Equity of all Time Payments—Who, then, should Control Volume?

The most elemental and firmly established truth in monetary science is that volume controls price.
"Let principles be once firmly established and particulars will adjust themselves."—Margarette Fuller.

**SPEECH
OF**

**HON. HENRY A. COFFEEN,
OF WYOMING,**

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, January 8, 1896.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. COFFEEN of Wyoming said:

Mr. CHAIRMAN: The great financial controversy between the money power and the people hinges upon the simple question: Who shall control the issuance and the volume of money in circulation?

The advocates of bank issues, coming forward with the claim that the currency must be "reformed," ask Congress to deprive the Government of the right to issue paper currency for general circulation and empower the banks to both issue currency and expand or contract the volume in circulation at their own option and as their interests might suggest. On the other hand, representing, as we believe, the interests of the people, we demand the suppression of all bank issues and the future issuance of all forms of money, whether coin or paper, by the Federal Government, making all issues full legal tender, and controlling and regulating the volume in strict accord with the interests of industry and the maintenance of equity.

WHAT IS THE USE OR FUNCTION OF MONEY?

The functions of money are three in number—to furnish, first, the common medium of exchange; second, a common measure or unit of account by which the comparative values of other things are estimated; third, a standard by which future payments and obligations are determined and enforced.

If the standard, the value of money in exchange, is changed by contraction or expansion of volume, then equity in payment is defeated and one of the parties in the contract suffers injustice.

If a farmer has a certain number of dollars to pay in taxes, on a note, or in any other obligation, the amount being fixed when

the general range of prices showed the dollar worth one bushel of wheat, it will double the burden of debt and rob him of his wheat to change the dollar, the unit of account, so that it is worth two bushels of wheat, and does the farmer the same injustice as it would to double the size of the bushel measure or any other standard of measure and settlement.

So with the products of the factory, field, shop, mine, or store. So with all, rich or poor, who have to obtain dollars in exchange for property, products, or labor. The dollar is not a unit of value when its purchasing power is changed, but a unit of account.

Mr. St. John, president of the New York Mercantile National Bank, and, in my judgment, the most competent and patriotic bank president that appeared before the Banking and Currency Committee at its recent hearings, pointed out (page 828) that money is domestic—that it is a matter of national legislation and national concern. About 95 per cent of our trading is done within our own jurisdiction, and besides the international trade of any one country always requires translating both the money and the measures of other countries into its own.

Money is the creature of law. Money is all domestic. Our ten-dollar gold piece is accounted 233 grains of nine-tenths fine gold when beyond the jurisdiction of the United States.

Money and the yardstick have nothing in common. The yardstick is an exact, unvarying measure of length. Money is an uncertain, variable measure of varying values. The yardstick is not bartered for commodities. Money is the means of acquisition and momentarily the measure of value of the things required. The yardstick is a unit of length. The dollar as a "unit of value" is preposterous. Our Hamilton-Jefferson statute, founding the mint, provided a dollar as our "unit of account." That dollar of 1792 and the dollar of 1894 contain identically 371.25 grains of silver.

AGGREGATE OF MONEY DETERMINES PRICES.

The aggregate of all money afloat and in bank in the United States is our true measure of normal value of commodities here. The aggregate of money of all nations trading internationally is the measure of normal value of all commodities consumed by all. Therefore, to enlarge the aggregate of money in the trading world is to raise normal prices of commodities everywhere. To enlarge the aggregate of money in the United States is to raise normal prices for home and internationally-consumed commodities here. Per contra, to diminish the aggregate of money in the United States is to lower all normal prices here, and to diminish the world's aggregate of money is to lower all normal prices of internationally-moving commodities in all the trading world.

In reference to the coinage question, so ably discussed by my friend who has just taken his seat [Mr. BLAND], I desire to say that I indorse in the main what he has said. And yet I wish to call attention to another phase of the currency bill before us that is of paramount importance to a realization of the fact that this question is not so much as to what shall be the material of money or the money of ultimate redemption, whether it shall be silver coin or gold coin or uncovered legal tender-paper. No man who is competent to grasp the entire currency question will fail to realize that it is the volume of money that regulates prices, and therefore regulates profits and prosperity. I have upheld the free coinage of silver, as you all know, from first to last. I believe today it is a practical step to take, not so much that it is the only means that would relieve the depression, but because it is prominently before the country, and in due deference to the deep-seated desire on the part of the people in many parts of the country, and for the purpose of keeping the Democratic pledges to the people it should be carried forward until silver coinage is restored.

Mr. Chairman, the American Banking Association and its allied interests, including the European moneyed interests as well as the American, as far as they work in general concert of purposes, I wish to designate under the general terms money power or money dealers or bank syndicate, for general convenience, and not for the purposes of offense or abuse of persons engaged in the business of banking.

I have no blame to cast upon those engaged in the business of banking under the laws as they exist or as they may exist.

Every man has a right to engage in banking under such laws as are made. I have had some little experience in banking, and my banking investments have been profitable.

It is the system of banking and the character of financial legislation and the unsound arguments and vicious methods that I would attack and expose.

In my judgment the money power and their advocates have in times past and even now on this floor are seeking to avoid the main issue and conceal from the general public their main purposes in all the proposed legislation before us.

The main question and the most important issue is who shall control the quantity or volume of currency in general circulation.

Their main purpose is to secure to themselves as a general class of money dealers the power to expand or contract the volume of currency suddenly and entirely at their own option, so to control the value of money and credits in their relation to property and prices.

BANKS SEEK THE CONTROL OF THE VOLUME IN CIRCULATION.

Whoever controls the general volume of currency in circulation controls the general range of prices, and prices control property values, wages, profits, and the opportunities for general prosperity, and these things involve the welfare of mankind.

Believing these things, Mr. Chairman, and even knowing them as

certainly as anything can be known in any of the ordinary sciences, how can I sit silent and unconcerned in this Hall, and in the midst of these debates, and see any proposition carried to turn this all-important control over the money volume and a new lease and extension of power into the hands of banking corporations? This places control out of the reach of the people and the Government, which is in duty bound to protect the people.

Sir Robert Peel said, when he brought forward in Parliament his bill for the reform of the currency, in 1844, in describing the importance of the question to all interests and people:

There is no contract, public or private—no engagement, national or individual, which is unaffected by it. The enterprises of commerce, the profits of trade, the arrangements made in all the domestic relations of society, the wages of labor, pecuniary transactions of the highest amounts and of the lowest, the payment of the national debt, the provision for the national expenditure, the command which the coin of the smallest denomination has over the necessities of life, are all affected by the decision to which we may come on that great question which I am about to submit to the consideration of the committee.

Every man, woman, and child in this country is vitally interested in this question, and so long as I represent them even the poorest and humblest citizens in the State of Wyoming shall have the satisfaction of knowing that their interests are neither forgotten nor bartered away and surrendered to the money power.

THE QUANTITY OF CURRENCY IN CIRCULATION REGULATES PRICES.

The philosophy of this question is in this fact, that it is the total volume of money in circulation, whatever its form and without regard to its material, that controls the value of every dollar as far as its monetary use is concerned. I see there are a few in my presence who are inclined to question this proposition, especially some of my colleagues on the Coinage Committee, but I say to you that all competent authorities almost without exception are agreed upon that fact. There are no leading authorities in the universities of any land or continent, or any noted authorities, I believe, except one or two, but what have finally acknowledged the point that it is the aggregate, the entire quantity of money or number of units in circulation, that regulates the value of every unit or dollar for the time being. Therefore, the free coinage of silver, great question as it is, bringing up the great injustice that has been done the people by its demonetization, all of which I admit and claim, still is an incidental question to the currency question. Then, what is the issue before us to-day? The issue in which the people are most vitally interested is practically who shall control the volume in circulation?

I will submit authorities to you in extended remarks to show you that it is the aggregate volume, without particular reference to the material of which the units are composed, that regulates the value.

Mr. MONEY. Will the gentleman allow me to ask him a question?

Mr. COFFEEN of Wyoming. Yes.

Mr. MONEY. I want to understand the matter. Do you contend that it is the volume of currency circulating in this country that regulates prices here?

Mr. COFFEEN of Wyoming. Yes.

Mr. MONEY. Or that it is the volume of currency in the world that regulates the prices of articles of universal consumption?

Mr. COFFEEN of Wyoming. I intended to treat of that later, but I will take that up now. The prices in every nation are regulated on the basis of the money of that nation, and we should not forget that monetary systems are of national and local concern, and not international, as some suppose. There is no "money of the world."

Exports and imports are regulated purely and entirely in the exchange of merchandise for merchandise, and they are always translated into the local monetary system of the country dealt with. Therefore, in answer to the gentleman, who has put a very pertinent and proper question, I will say, without fear of successful contradiction, that the prices in this country, named in the circulating money of this country, will depend on the aggregate number of units in circulation in this country, as they will depend and be named in every other country upon their respective monetary systems.

Mr. MONEY. Now, I do not want to interrupt you—

Mr. COFFEEN of Wyoming. This is no interruption. I think this is profitable.

Mr. MONEY. Then, if that is true, would the increase of the volume of circulation in this country raise the price of cotton and wheat in this country, without regard to the universal volume of currency in the world and the demand for those two articles?

Mr. COFFEEN of Wyoming. That is a proper question, and we ought to be able to answer such questions as that. Those products that are produced in this country beyond the capacities of this country to consume, and which depend, therefore, on export for their market, will, without regard to prices named in our money, be at least partially influenced in price named in the foreign money by the foreign market.

But, going on now from where we left the question, who shall control the volume of money in circulation?

From the very nature of the case, as I shall undertake to show a little further on, the volume or quantity of money in general circulation controls and regulates the general range of prices on commodities.

As money appreciates property and price depreciate. As the volume of money increases prices of all commodities increase generally in the same ratio; but increasing the volume of money cheapens the value of the dollars or units of account, which is the cause of the increase of general prices.

So again, to contract or diminish the volume of money increases the value or purchasing power of the dollars or units, which lowers the price of commodities.

Hence we state the general proposition, that to increase or decrease the value or purchasing power of money has directly opposite effect on the value or price of all commodities and properties exchanged for money. It is folly, then, for the money power to claim that they want good, high-priced money and plenty of it. To make money plenty cheapens it, and while cheaper money is both good and honest money, if kept in due proportion to the needs of the country, honest and helpful to all who have aught to sell or pay, yet the money dealers want high purchasing power money, and they know, or ought to know, that scarcity produces it. There is no such thing possible as high-priced money and "plenty of it."

To prove this elemental truth of monetary science, that volume of currency in circulation controls the general range of prices, I submit the following authorities; but in general let me say that all competent authorities in both Europe and America are nearly unanimous in their recognition of this principle.

John Stuart Mill says:

That an increase of the quantity of money raises prices, and a diminution lowers them, is the most elementary proposition in the theory of currency.

The authorities on this quantitative theory of money have been so thoroughly collated by Senator JOHN P. JONES, and given in his great speech on the question of repeal of the silver-purchase law in October, 1893, that I shall quote a number of them as given by him, and in connection shall quote a part of what the Senator himself had to say on this topic. I regard the great Senator himself as even a greater authority on almost every phase of the money question than many of the noted writers from whom he makes quotations:

I shall now proceed to speak of the quantitative theory of money. I wish to say, preliminarily, that I have heard no Senator deny the scientific correctness of that theory; yet if it be correct, the so-called standard of gold is a standard of gross injustice.

But there is one principle of monetary science that, if held steadfastly in view, will constitute an unerring guide through what would otherwise be a path of inextricable difficulty.

That principle is that the value of the unit of money in any country is determined by the number of units in circulation. In other words the value of every dollar depends on the number of dollars out.

The greater the number of dollars out, other things being equal, the less will be the value of each dollar; the fewer the number out, other things remaining the same, the greater the value of each—and this without any regard whatever to the material of which the dollars are composed. This is the key to the financial situation in the United States. Much more; it is the key to the financial situation in every land. Without this key it is in vain that the student attempts to unlock the door leading to the Arcanum of monetary knowledge. Unlike many of the locks made by man, the lock on that door is unpickable. The household of science is one that thieves can not break through and steal. He who would enter must first find the key. With this key in hand the most secret recesses may be explored with confidence. Without it the student travels in a circle—returning, after much labor, to the point from which he started upon his journey. Like one in a maze, when most confidently expecting to find his way out, he but sees himself coming up against impassable barriers.

To the possessor of this theory and of an impartial mind, that is to say, a mind in search of truth for truth's sake, there is no phenomenon of industry, of commerce, or of finance that is not accounted for. With it, all facts in the monetary world harmonize. All the teachings of history illustrate its force. It has therefore for support both reason and experience. It resolves all doubts, unriddles all enigmas, makes clear that which, without it, would be an insoluble problem of political economy. But, in order to receive all the benefits of truth, men must not approach the investigation with a predetermination to prove some special theory. The truth is always its own justification.

No Senator will rise in his place and deny that, other things being equal, the value of each unit of money in a country depends on the total number of units forming the monetary circulation of that country. No Senator will attempt to deny that, all other things remaining the same, the prices of property and commodities in a country are regulated by the number of units constituting the monetary circulation of the country; and by the "number of units" I mean, of course, for this country the number of dollars, for France the number of francs, for Great Britain the number of pounds sterling, etc. The quantitative theory, Mr. President, is not new. In the third century of the Christian era the Roman juriconsult Paulus gave a description of money, which indicates the acceptance at that early period of the principle of quantity as that to which the money unit owed its value. I invite special attention to this clear-cut statement:

"The origin of buying and selling"—

Says Paulus—"goes back to barter. Primatively, there was no money. One thing was not called 'merchandise' and the other 'price,' but everyone, according to his needs and according to his circumstances, bartered things useless to him for those which would be useful to him, for it often happens that what one has too much of another lacks. But as it would not always or easily happen that you had what I should have wished for, and that, conversely, I had what you wished to obtain, choice was made of a material which, being declared forever legal value, would obviate the difficulties of barter by means of a quantitative equation. And this material, stamped in the corner by the State, circulates with a power which it derives not from the substance but from the quantity. Since that time, of the things thus exchanged one is called merchandise and the other is called price."

This description was deemed worthy to be incorporated in the *Pandects of Justinian*, compiled and promulgated in the sixth century, thus demonstrating that the lapse of three hundred years had not rendered it obsolete. It is as sound to-day as it was when first written.

John Locke, in his *Considerations*, relating to the value of money, said:

"Money, while the same quantity of it is passing up and down the kingdom in trade, is really a standing measure of the falling and rising value of other things in reference to one another, and the alteration in price is truly in them only. But if you increase or lessen the quantity of money current in traffic in any place, then the alteration of value is in the money."

Locke further said:

"The value of money in any one country is the present quantity of the current money in that country in proportion to the present trade."

David Hume, the historian, says:

"It is not difficult to perceive that it is the total quantity of the money in circulation in any country which determines what portion of that quantity shall exchange for a certain portion of the goods or commodities of that country. It is the proportion between the circulating money and the commodities in the market which determines the price."

Pitche says:

"If the quantity of purchasable articles increases, while the quantity of money remains the same, the value of the money increases in the same ratio; if the quantity of money increases, while the quantity of purchasable articles remains the same, the value of the money decreases in the same ratio."

James Mill, in his *treatise on Political Economy*, says:

"And again, in whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion the value of the whole and of every part is reciprocally diminished or increased."

John Stuart Mill (*Political Economy*) says:

"The value of money, other things being the same, varies inversely as its quantity; every increase of quantity lowering the value, and every diminution raising it in a ratio exactly equivalent."

And again, as I have already quoted in connection with my remarks on cost of production, Mr. Mill says:

"Alterations in the cost of the production of the precious metals do not act upon the value of money, except just in proportion as they increase or diminish its quantity."

Ricardo (Reply to Bosanquet) says:

"The value of money in any country is determined by the amount existing. That commodities would rise or fall in price in proportion to the increase or diminution of money I assume as a fact that is incontrovertible."

Ricardo further says:

"There can exist no depreciation in money but from excess; however debased a coinage may become, it will preserve its mint value; that is to say, it will pass in circulation for the (so-called) intrinsic value of the bullion which it ought to contain, provided it be not in too great abundance."

John Stuart Mill again says:

"We have seen, however, that even in the case of metallic currency the immediate agency in determining its value is its quantity.—*Principles of Political Economy*, volume II, page 89."

William Huskisson (*The Depreciation of the Currency*, 1810) says:

"If the quantity of gold in a country whose currency consists of gold should be increased in any given proportion, the quantity of other articles and the demand for them remaining the same, the value of any given commodity measured in the coin of that country would be increased in the same proportion."

Sir James Graham says:

"The value of money is in the inverse ratio of its quantity; the supply of commodities remaining the same."

Torrens, in his work on *Political Economy*, says:

"If the value of all other commodities, in relation to gold, rises and falls as their quantities diminish or increase, the value of gold in relation to commodities must rise and fall as its quantity is diminished or increased."

Professor De Colange, in the *American Cyclopaedia of Commerce*, article "Money," says:

"The rate at which money exchanges for other things is determined by its quantity. . . . Supposing the amount of trade and mode of circulation to remain stationary, if the quantity of money be increased its value will fall and the price of other commodities will proportionately rise, as the latter will then exchange against a greater amount of money; if, on the other hand, the quantity of money be reduced, its value will be raised, and prices in corresponding degree diminished, as commodities will then have to be exchanged for a less amount of money. . . . In whatever degree, therefore, the quantity of money is increased or diminished, other things remaining the same, in that same proportion the value of the whole and of every part is reciprocally diminished or increased."

Says Professor Sidgwick, of Cambridge University:

"The exchange value of any particular coin will vary in exactly inverse ratio to the variations in quantity of the aggregate.—*Principles of Political Economy*, page 251."

DOES THE MATERIAL IN MONEY CONTROL ITS VALUE?

Now, having established the fact beyond any danger of successful contradiction that the value of money is controlled by the number of units in circulation, and since a few—mostly novices in the study of monetary questions, or special pleaders for special interests—still hold and advocate that it is in whole or in part the value of the material of which money is composed that regulates its value, I wish to take up this feature of the question and we will find that it is equally clear that without regard to the material of which convenient forms of money are composed, still the volume in circulation regulates the value for monetary purposes.

This rule applies even to the circulation of uncovered paper money, whether issued by the banks or by the Government, as long as it is kept in general circulation, and so the values of gold dollars and silver dollars themselves, by adding paper money to the volume, are affected, and diminished or increased according as the quantity of paper money is increased or decreased. On a former occasion, when the repeal of State-bank tax was before us, I tried to make this clear to all.

This fact and a true recognition of the effect of expanding or contracting the amount of paper currency in circulation is essential in any proper discussion of the question of empowering banks to issue what they call an elastic currency or of issuing any currency whatever, or withdrawing any from circulation.

Senator JONES gives valuable testimony again. He says:

So absolutely clear are the leading writers that the value of the money unit is, in every case, other things being equal, determined by the number of

units out, and does not depend on the material of which the money may be composed, that they have not the slightest hesitation in asserting that the rule applies even to uncovered paper money, so that the value of every dollar of gold and silver in circulation is diminished or increased, according as the quantity of paper money is increased or diminished; and reciprocally as to all of these, the increase in the number of dollars of either kind diminishing the value of each dollar of the others, while the decrease in the number of either increases the value of each of the others, without the slightest regard whatever to the material of which either of the dollars is composed.

If this be so, if the value of the unit of money depends not on the material of the dollars but on their quantity, what becomes of the gold standard? If this be so, inasmuch as silver has been utilized as money since the dawn of creation, why abandon it now, unless Senators are prepared to abandon the automatic system altogether? If we must, by legislation, compel a change in the value of money (for that is what this measure means), why legislate so that it can change in one direction only, and that the direction which is always favorable to the classes that lend money and live idly on their incomes—the direction most injurious to society, most fatal to industry, most narcotizing to energy?

Prof. Stanley Jevons, in his work on *Money and Mechanism of Exchange*, says:

"There is plenty of evidence to prove that an inconvertible paper money, if carefully limited in quantity, can retain its full value. Such was the case with the Bank of England notes for several years after the suspension of specie payments in 1797, and such is the case with the present notes of the Bank of France."

In his proposal for an economic and secure currency, the great authority, Ricardo, himself a most acute dealer in money, says:

"A well-regulated paper currency is so great an improvement in commerce that I should greatly regret if prejudice should induce us to return to a system of less utility. The introduction of the precious metals for the purposes of money may with truth be considered as one of the most important steps toward the improvement of commerce and the arts of the civilized life; but it is no less true, that with the advancement of knowledge and science, we discover that it would be another improvement to banish them again from the employment to which, during a less enlightened period, they had been so advantageously applied."

The distinguished economist and editor, Mr. J. R. McCulloch, in commenting on the principles of money laid down by Ricardo, says:

"He examined the circumstances which determine the value of money . . . and he showed that . . . its value will depend on the extent to which it may be issued compared with the demand. This is a principle of great importance, for it shows that intrinsic worth is not necessary to a currency, and that, provided the supply of paper notes declared to be a legal tender be sufficiently limited, their value may be maintained on a par with the value of gold, or raised to any higher level. If, therefore, it were practicable to devise a plan for preserving the value of paper on a level with that of gold, without making it convertible into coin at the pleasure of the holder, the heavy expense of a metallic currency would be saved."

It appears, therefore, that if there were security that the power of issuing paper money would not be abused; that is, if there were perfect security for its being issued in such quantities as to preserve its value relatively to the mass of circulating commodities nearly equal, the precious metals might be entirely dispensed with, not only as a circulating medium, but also as a standard to which to refer the value of paper."

Lord Overstone also admits that irredeemable paper money can, by a proper limitation of its issues, be kept at par with gold.

"In adopting a paper circulation—"

He says—

"We must unavoidably depend for a maintenance of its due value upon the adoption of a strict and judicious rule for the regulation of its amount."

Supporting this view we find also that Alexander Paring, in his evidence before the secret committee of the House of Lords in 1819, said:

"The reduction of paper would produce all those effects which arise from the reduction in the amount of the money in any country."

An early and distinguished authority in our own country, Mr. Gallatin, said:

"If in a country which wants and possesses a metallic currency of \$70,000,000 a paper currency to the same amount should be substituted, the seventy millions in gold and silver, being no longer wanted for that purpose, will be exported, and the returns may be converted into a productive capital and add an equal amount to the wealth of the country."

When we know that these are views of the leading writers—all uniting in the assertion that that which determines the value of money is the quantity, not the material—it must excite our special wonder that Senators propose to destroy silver as money of final payment, or to repeal a law which by its slight addition to the quantity of money has at least tended to maintain, in some degree, among us the equities of time contracts and deferred payments.

When the Senators know that all great projects in this country on which the employment of labor depends, are based upon the prices of commodities, and that when those prices are constantly falling workmen must be relegated to idleness, that every debt must be paid in a dollar of increasing value, to the ruin of merchants and of the projectors of industrial enterprises in which labor should be employed, it is incomprehensible how they can advocate the establishment in this country of a gold standard, or of any standard, except such as will furnish a sufficient volume of money for the business of the people.

With reference to Ricardo it is to be borne in mind that his profession was that of stockbroker. Hence we must make allowance for his desire to maintain the gold standard, knowing, as he very well knew, that the gold standard meant a certain level of prices for commodities—that is to say, that it did not mean the possession of gold, but the ability of money lenders, creditors, and the idle aristocracy and income classes of Great Britain to obtain all the comforts and luxuries of life at a level of prices getting constantly lower.

In a paragraph of the twenty-seventh chapter of his work on *Political Economy*, Ricardo makes the broad statement that a nation may be on the gold standard without having a solitary dollar of gold within its entire territory, provided only that, whatever may be the form of its money, the number of the units of that money shall not exceed the number of gold units which, if the country used gold money, would be its distributive portion of the gold of the world. That proportion is, of course, fixed by the general range of prices. Ricardo's statement is:

"A currency is in its most perfect state when it consists wholly of paper money, but of paper money of an equal value with the gold which it professes to represent. The use of paper instead of gold—"

He continues—

"substitutes the cheapest in place of the most expensive medium, and enables the country, without loss to any individual, to exchange all the gold, which before it used for this purpose for raw materials, utensils, and food—by the use of which both its wealth and its enjoyments are increased."

It will be remembered that on Saturday I demonstrated, by citations from the leading writers that money has no value whatever except value in exchange—purchasing power—and that when the term "value of money" is used, it means only purchasing power and not any value, which, for commodity purposes, might attach to the material of which it is composed.

"By limiting its quantity."
 Ricardo says—
 "its value in exchange."
 "Which, as I have said, is the only value that money has—
 "is as great as an equal denomination of coin, or of bullion in that coin."
 And he very properly adds:
 "There is no point more important in issuing paper money than to be fully
 impressed with the effects which follow from the principle of limitation of
 quantity."

Of course there is no point more important than that. The principle of
 limitation of quantity is of the very essence of the value of money, of what-
 ever material it may be composed.

If money were unlimited in quantity it would have no value whatever.
 Nothing has value that is unlimited in quantity. If, instead of sand, the
 ocean beach were strewn with gold dust, it would have no value whatever
 as a commodity; yet if that gold dust were taken up and coined into pieces
 of money, the number of such pieces being limited, they would have value
 precisely as gold pieces have value to-day. And, on the other hand, as Adam
 Smith says, if gold should reach a certain degree of scarcity, the slightest
 bit of it might become as valuable as a diamond.

Ricardo, leaving no form of the statement untouched, recurs to the sub-
 ject by making the following remark:

"On these principles it will be seen that it is not necessary that paper money
 should be payable in specie to secure its value; it is only necessary that its
 quantity should be regulated according to the value of the metal which is
 declared to be the standard."

If it is not necessary for paper money, in order to be of equal value with
 gold money, to be payable or "redeemable" in gold, how can it be asserted
 that silver money, in order to maintain its value in relation to gold, should
 be redeemable in that metal?

Professor Fawcett, in his work on Political Economy, says:
 "In discussing the laws of price, the principle was established that general
 prices depend upon the quantity of money in circulation compared with the
 wealth which is bought and sold with money, and also upon the frequency
 with which this wealth is bought and sold before it is consumed. If more
 wealth is produced and an increased quantity of wealth is bought and sold
 for money, general prices must decline unless a larger quantity of money is
 brought into circulation."

When Professor Fawcett says that "general prices must decline unless a
 larger quantity of money is brought into circulation," he is but stating in
 another form of phrase that the value of money increases as its quantity
 diminishes. This is the quantitative theory. Professor Fawcett further
 says:

"The amount of money required to be kept in circulation depends upon the
 amount of wealth which is exchanged for money. Hence, *ceteris paribus*,
 the amount of money ought to increase as the population and wealth of a coun-
 try advance.—Political Economy, page 371."

If the amount should be increased, surely the increase must be an increase
 of the quantity.

Mr. N. A. Nicholson, of Oxford, in his Science of Exchange, says:
 "Whatever substance may be used as currency, an excessive quantity of it
 (more than is required by the wants of the community) necessarily causes a
 diminution of its purchasing power."

To show that even gold is subject to the same law of quantity, Mr. Nichol-
 son asks:

"Could a currency, then, consisting entirely of the best gold coin only, be
 depreciated?"

To which he replies:

"Certainly, provided that the exportation of gold could be altogether pre-
 vented, the amount in use would soon become greater than what was re-
 quired by the wants of the community, and its purchasing power would
 diminish in the same proportion."

What Mr. Nicholson means by the "wants of the community" is the
 amount of money necessary to sustain prices at the international level.

Earl Grey, writing to Mr. Grenfell, one of the governors of the Bank of
 England, and referring to Ricardo, says:

"I would remind you (though it is hardly necessary to do so) that in his
 admirable pamphlet on this subject, he (Ricardo) has shown the value of
 paper money issued by the authority of the state to depend upon its amount
 as compared to the wants of the state in which it circulates. No one, I be-
 lieve, now doubts this to be true, and experience has proved that inconvert-
 ible paper money will circulate not only without depreciation, but even at a
 premium if the issues are sufficiently limited."—[Letter from Earl Grey,
 dated May 31, 1861. Quoted in The Bimetallic Controversy, by Gibbs &
 Grenfell, page 100.]

Prof. Shield Nicholson, of Edinburgh, in an article in the Nineteenth Cen-
 tury for December, 1869, states that every economist of repute since Ricardo's
 time has been an advocate of the quantitative theory of money.

Even a so-called debased coinage—that is, a coinage, each piece of which
 contains a smaller quantity of metal than the law prescribes—will maintain
 itself at par provided the total number of coins put in circulation be not too
 large. On this point, as I have shown, Ricardo says, that in circulation such
 coins will pass for the quantity of metal they ought to contain, provided they
 be "not in too great abundance."

With reference to this relation of quantity, and to the absolute necessity
 of an increase of money *par passu* with the demands for it, Professor Perry,
 of Williams College, says:

"When, however, enterprises are multiplying and exchanges are being
 permanently increased in number and variety, then there must be a larger
 volume of money."—Principles of Political Economy, page 400.

With regard to the irredeemable paper notes of the Bank of England, issued
 on the suspension of specie payments in 1797, Professor Perry says:

"Cautiously issued at first, bank paper continued at par for several years
 after the suspension, which proves that when Government possess the mono-
 poly of issuing paper money, and carefully limits its quantity, and both
 receives and pays it out at par, it may keep an inconvertible paper at par, or
 even by sufficiently limiting its quantity carry it above par."

How do gold-standard Senators, who talk of a sixty-cent dollar, explain the
 fact of a one-cent paper pound-sterling being at par with gold, or even at a
 premium over gold, without a penny's worth of gold existing in the entire
 kingdom? I suppose they will say the notes were sustained by the "credit
 of the Government." Then, why did the credit of the Government allow the
 notes later on, when they were issued in larger quantities, to depreciate in
 value?

All these great authorities agree, as I have shown, that the quantitative
 theory of money is correct, and that, instead of applying merely to gold, it
 applies to all money without discrimination or distinction of material.

VALUABLE TESTIMONY OF DELMAR.

Alexander Delmar, whose very philosophical work on Money
 and Civilization I have examined and which is not so often quoted
 as this author deserves, says on pages 11, 12, and 13 of his intro-
 duction:

At long and adventitious intervals, like those great tidal waves which in-
 crease the disturbance of an always disturbed ocean, occurred those open-

ings of placid countries—Spain, Gaul, Africa, Spanish America, Brazil, Cali-
 fornia, Australia—each of which caused a prodigious rise of prices and threw
 society into new forms.

Then, as if he would guard carefully against the frequent mis-
 take of regarding the volume of coin and precious metals as be-
 ing the only element to consider in the volume of money and regu-
 lation of value, he says:

Of all money now (1866) in circulation in Europe and America one-half con-
 sists of paper notes. If these notes were suddenly demonetized or destroyed
 it is evident that, in consequence of the increased work which each coin would
 have to perform, its value or purchasing power would be greatly enhanced
 and prices would fall. On the other hand, to the extent paper notes are
 added to the circulation prices will rise. * * * The purchasing power of the
 precious metals is susceptible of being depressed below the cost of pro-
 ducing them, by any circumstance that tends suddenly or greatly to aug-
 ment the volume of money whenever the same is composed wholly or partly
 of such metals.

He has brought out here the essential point in determining value
 of coin to be the consideration of the total volume of both coin
 and paper money in circulation, and this should be understood
 better than it is by both mine owners and those engaged in other
 pursuits.

Delmar claims that in his Science of Money he has—

Shown by numerous arguments and references to history that money did
 not and could not consist of any less number of coins or notes than the whole
 number, their nature being such that they could not be used, nor could their
 value be fixed without reference to one another; in other words, that the unit
 of money (for consideration of its value) was all money, and, therefore, that
 its value depended upon its volume; * * * that, therefore, money was related
 to equity or the maintenance of equitable relations between capitalists and
 laborers; that, like other measures, the most necessary and essential charac-
 teristic of money was specific limitation (of mass or volume); in other words,
 that to measure with precision and with justice the whole sum of money
 must be fixed at some more or less constant ratio to the volume of exchange.

But while quoting from Delmar I wish also to enforce the point
 I so strongly urge, that to protect property interests of the labor-
 ing world and the rights of mankind and to simplify the whole sub-
 ject of money as a standard of equity among the people the State or
 Government must hold and use the power to regulate the volume
 of money, all kinds of money, in circulation, and to this end can
 not leave the coinage and issuance of either paper or metal money
 to the whims and interests of private corporations.

If either should be let out to corporations it would be better to
 let out to them the coinage of the precious metals, for the very
 limitations on their production will keep the banks within ap-
 proximate bounds.

In speaking of the legislation of about two centuries ago by
 which the leading States of Europe gave over their control of vol-
 ume to the exigencies of mining operations and coinage on pri-
 vate account and option Delmar says, pages 13 and 14:

Previous to the act of 1696 in England and 1679 in France, which gave free
 coinage to both gold and silver and allowed the volume of money to depend
 upon the exigencies of individuals to add to or subtract from the volume of
 coin at their will, the State no longer keeping control of volume, as it should
 (see pages 227-230), money was a comparatively simple subject, readily un-
 derstood and as readily susceptible of regulation.

This helps us to understand that even the question of free coin-
 age of either gold or silver must be considered in relation to the
 effect of such coinage on the total volume.

We must never forget, if we would simplify and grasp the money
 question, that it is the volume or total number of units or dollars
 in circulation that controls and regulates the value of the units
 and regulates the general range of prices on all exchangeable forms
 of wealth on which the welfare of mankind depends.

Mr. HAINER of Nebraska. Will the gentleman yield for a
 question?

Mr. COFFEEN of Wyoming. I can with pleasure for the gen-
 tleman from Nebraska.

Mr. HAINER of Nebraska. The gentleman has stated that the
 prices are governed by the volume of currency in a country.
 Now, for instance, the average circulation of currency in this
 country is about \$25 per capita. In China it is about \$2 per capita.
 Are we to understand that prices in this country will be twelve
 times what they are in China?

Mr. COFFEEN of Wyoming. No; I am not speaking of per
 capita circulation, but of the effect of increasing or decreasing the
 volume in circulation, and I will not take China as suitable for
 illustration, as its weights, measures, and coins are so very differ-
 ent from ours that I would not be able to make the comparison
 without reference to text-books and tables, even if I were talking
 of per capita. Although silver dollars, both American and Mexi-
 can, are current there, they are not coined officially. The only
 official coinage is the copper cash, which is worth as far as its metal
 is concerned less than one-tenth (one-eleventh) of an American cent,
 or 1,100 to the dollar. So if there is even the metal worth of one dollar
 per capita in circulation to China's 400,000,000 people it will give us
 over four hundred thousand millions of these coins in China. But
 their money value may be very different from their value as mer-
 chandise, which is taken as a basis for per capita circulation tables
 probably. Let us then take a nation a little nearer home, and
 whose terms and coins and weights are better understood.

We should remember, too, and especially with reference to China,
 that it is the volume of currency in circulation in relation to the
 volume of business and work for money to perform.

And again, let us remember that the prices in one country must be translated into a different money system in another for comparison.

Mr. HAINER of Nebraska. Will you compare this country with France with its \$36 per capita circulation, England with its \$18, or Germany with about the same?

Mr. COFFEEN of Wyoming. In England the price of wheat is about 20 shillings per quarter. That will be a good product for a basis, since wheat has been already mentioned. It is probable that if we by issuing legal tenders double our volume of money and leave silver demonetized, it will very slightly affect the 20 shillings per quarter, raising the price for wheat in England; but while that may be true, you must not forget that it will double the price of wheat in this country, measured in our own dollar. But if we open our mints to free coinage of silver at \$1 for every 412½ grains of it nine-tenths fine, it will about double the price of silver instantly throughout the markets of the world. This would compel England to pay double for the silver she exchanges for wheat in India, and so she would pay double the present cost of wheat at Liverpool, and that means "dollar wheat" in our country. Wheat price in India rests on price of silver. Then the next question ought to be, "Will not the value of the dollar in our country by expansion of volume be on a grade or slide downward in its purchasing power?" And I answer without hesitation that it will, for dollars have valuation only in exchange for products, and you can not measure them by any other standard; so the raising of prices means the falling in value or purchasing power of the dollar.

Mr. HAINER of Nebraska. But the per capita circulation in this country is greater than the per capita circulation in England.

Mr. COFFEEN of Wyoming. Is it the per capita question you want to get at, or the difference in prices? The per capita circulation or ratio of money to population is not so important as the ratio of money volume to volume of business and exchange, and it is safe also to say that 90 per cent of our business is domestic, and not foreign.

Mr. HAINER of Nebraska. I am speaking now of the circulation as relating to the price. The circulation in this country is greater per capita than in England, and yet the price of wheat is greater in England than it is in the United States.

Mr. COFFEEN of Wyoming. The per capita may be more or less, but the increase or decrease of volume in relation to the amount of exchanges or business is the question. The prices can be but very little different there than in this country, just enough to encourage export; and owing to our surplus wheat the prices in this country are affected by the demand at Liverpool to some degree. International trade is carried on upon the basis of exchanging goods for other goods without much regard to the different systems of money existing or difference in local prices.

Mr. HAINER of Nebraska. Do you dispute the fact as to the price in England being greater than it is in the United States?

Mr. COFFEEN of Wyoming. No; but a little difference in price proves nothing in this case. The world's international trade is carried on without much regard to the different systems of money in which prices are named in the different countries, but always with due regard to the opportunities of getting other goods in exchange to advantage.

For illustration, suppose by doubling the volume of currency in this country it would double the general range of prices in this country, as I hold, and as is clearly taught by the leading authorities I have quoted, will that affect our trade with Europe seriously? Not at all.

Trade will go on much as before, for if the importers can get twice as much for European goods in our higher prices they can take our goods also at prices twice as high as before in exchange and come out in the end of the transaction the same as before. They have neither gained nor lost in the change of the general range of prices in this country. Trade goes right on, and our goods at higher prices will exchange for their goods at higher prices in our own currency and markets, although there may be no serious change of prices in Europe on either the exports or imports. The demand in international trade is not for money, but for goods.

Gold exports may be seriously affected, however, but if so it goes as bullion or merchandise and not as money. Bills of exchange will take care of themselves. Yet let me say in passing that gold, unless there be for other reasons an unusual demand for it elsewhere, will not go out of this country until its place is more than supplied with other money, for there can be no rise in prices here until more money is added in some way than is subtracted by export.

The very principles we have stated require that prices will go down instead of up if more money is exported than is added to our volume.

THE CHANGE OF VOLUME OF MONEY IN ITS RATIO TO VOLUME OF BUSINESS.

But my friend from Nebraska must remember that to test our proposition we must start with the already adjusted prices, and we will find that every great increase of volume in any country

raises the prices in that country. Every great contraction lowers prices. All history and experience and reason teach this principle.

When nations are on a metallic basis of money, as on a silver basis, like India has been until within a year or so and like China has been, in part at least, silver being cheap and abundant for them to use as money and add to their volume, prices in silver are maintained.

This has been precisely the effect in India and China. There has been no general decline of prices in either India or China in their silver money. Index number tables on leading commodities will show this—while in our country demonetizing silver and pushing by contraction toward the gold standard our prices on all leading products have, as a consequence, fallen about 50 per cent.

OUR COMPETITION WITH INDIA IN EUROPEAN MARKETS.

But my friend from Nebraska [Mr. HAINER] shall have a little information regarding prices of a few articles in China that I can give him, and that will greatly interest his people in central Nebraska.

At the end of twenty years after the demonitization of silver in our country and Germany, under which influence silver has been rendered more abundant for China, India, and others of the Oriental countries, while gold, by the greatly increased demand for it, has almost doubled in value in the mad scramble for a gold standard in our Occidental countries, we find wheat 43 per cent higher in China than it was in 1873, rice 19 per cent higher, beans 13 per cent higher, in their silver money. (Appendix to Coinage Laws, page 463.) In India, wheat was 18 per cent higher in Bombay and 3 per cent higher in Calcutta, while rice, that comes in competition with one of our Southern products, was over 60 per cent higher in these places at the close of 1892 than they were in 1873, when we demonetized silver. (Coinage Laws, page 789.)

But are wheat and rice and other food products that we produce higher in this country than they were then? In other words, while their prices have been well maintained in their silver currency, what has occurred to our prices in our foolish and criminal following of the Anglo-American gold and bond conspiracy?

Our prices, as every intelligent citizen in Nebraska and throughout the West knows, has gradually gone the other direction and is still going down, and the bottom for wheat prices resting on the ups and downs of money in circulation, may yet go to 20 cents per bushel in Nebraska if the money power can sufficiently control and contract the money volume.

WHO GETS THE BENEFITS OF THIS GOLD STANDARD?

Who gets the benefits among the nations we have mentioned in the attack upon and demonitization of our own silver?

Every nation except America. We get the losses, while England, using gold, and India and China, using silver, get the gains, and the mill still grinds and the bank and bond and gold advocates from Washington to Wall street tell us that we must hold on to the gold standard, issue bonds, and turn over the issuance of paper money to the tender mercies and financial erudition of the banks.

How does it work? This way. An importer of wheat into England can say: "Here, I will give you Americans 65 cents per ounce for your demonetized silver." Before we demonetized our silver it cost him \$1.20 per ounce. He takes it over to India, where silver has been the standard currency, and can get about as much wheat for the one ounce as he did twenty years before, although the silver to buy it with cost him only half as much. This keeps up prices in India and China in their currencies, but cheapens cost to Europe, and our wheat sold not on silver but on gold prices have fallen one-half, and our exports are retarded while Oriental exports have been greatly encouraged. Statistics will show that in wheat, cotton, and some other articles that come in competition with our productions the exports of India have increased during the last twenty years to a marvelous extent.

Europe, that produces no silver, and the Orient, which absorbs silver, both get the benefit, while our country loses by the same operation, by reason of the gold standard and appreciated dollars, about \$300,000,000 per year on wheat alone and from one to two thousand millions of dollars per year on our entire production of goods and grains and metals. This is bank and gold-standard financiering. Do you not think it is time for the workers of this country to do a little financiering on the property side of this question, and raise prices on what they deal in by the restoration of silver to our people by free coinage?

You say this will cheapen money.

Yes, to raise prices is to cheapen money in exchange for products, and to say the same thing in another way, to cheapen money by making it more abundant is to raise the general range of prices.

This is the invariable and scientific law of money in every country and in all history. No competent student of the money question, here or elsewhere, will deny this.

Other things being equal, an increasing volume of the money in any nation in proportion to the trade and work for money to perform will, in all cases, raise prices.

Then let us reduce the dishonestly high and scarce money of

America by remonetizing silver or issuing legal-tender Government notes, or both, until we revive prices, profits, and industry and secure more honest dollars in relation to the products, property, and debts of our own people.

Finally, I will say that prices of goods in China or England or France or elsewhere is only an indication of the ratio between the volume of money and the mass of exchangeable wealth in the one country, and can not therefore test the status of prices in other countries.

There is no exact ground to test the effect of per capita circulation and prices in countries widely different in their habits of trade and quantity of business, but the test comes by noting change of prices in each country when the volume is changed in that country.

There is according to estimates of a reliable authority which I have recently examined (speech of Senator JOHN P. JONES on repeal bill, page 298, in pamphlet form) about \$98,000,000,000 worth of production and commerce in the United States annually. This is an enormous amount and probably six to ten times as great as the production and trade of China. I have no means of knowing precisely as to this. Now, \$3 per capita, which my friend has mentioned as the circulation in China, would give us at least \$800,000,000 of circulation for China, which is very close to one-half of our circulation, although the total of her trade may not even be one-sixth or one-tenth as great as ours. So in proportion to her trade and need for money she may have far greater circulation than our country.

Now, having mentioned the question of export of gold in connection with currency and prices, I desire to take up this clamor about raids or withdrawals of gold from the gold reserve in our Treasury.

WHO IS RESPONSIBLE FOR CONTINUANCE OF THE RAID.

I am convinced that the raids on the gold reserve are continued only by the option and consent of the Administration and these are my reasons:

1. Greenbacks and Treasury notes, of which there are nearly \$500,000,000 in existence, are used by the raiders to take the gold out of the Treasury.

2. These are all payable in silver as well as gold; are all payable in coin. All obligations of the Government are coin or bimetallic obligations, practically, except gold certificates.

3. There is abundance of silver in the Treasury that ought to be paid on these bimetallic or coin obligations, and if not a sufficiency coined to pay all coin obligations that may be presented the Secretary of the Treasury can, under the laws existing, coin more at his discretion.

4. The announcement by the Secretary that he should from this hour forward use the right and option of the Government of paying all coin obligations in silver coin at any time when the amount of the gold reserve in the Treasury was below, say \$100,000,000, would instantly stop the presentation of any excessive amount of such coin obligations and protect the gold reserve.

The honorable Secretary of the Treasury is not using the legal right and option of paying coin obligations favorably to the Government and in the interest of preserving the gold reserve in the Treasury when he fails or refuses to pay out silver while it is more abundant than gold in the Treasury.

The option of payment is always and wholly the right of the debtor—the one who pays—and by no fair construction can become the option of the creditor.

France and other nations, with their more or less complete control of the central bank, exercise their option for the side of the Government, and not for the disadvantage of Government, when given by law or contract to the Government as debtor.

Our own Treasury is the only place among the civilized nations of the earth where the legal right and option is not used favorably to the Government. But here the gold speculators of the world may raid freely for gold with bimetallic or coin obligations.

The last paragraph of section 2 of the Sherman silver-purchase law of 1890, in declaring for a policy to maintain silver and gold metals at a parity, does not destroy the right or option of the Government to pay the coin of either metal on all coin obligations.

THE STANLEY MATTHEWS RESOLUTION.

The Stanley Matthews resolution, carried by a strong majority in both Houses of Congress early in 1878, is still in force, as declaring the intent of Congress, and ought to be obeyed.

Let the Secretary do his plain duty and exercise for us our legal and reserved right and option to pay in silver and the raid on the gold reserve is ended.

I will quote the resolution from the speech of Senator JONES, together with the comments that he made thereon during the debate on the repeal bill:

Whereas by an act entitled "An act to strengthen the public credit," approved March 18, 1869, it was provided and declared that the faith of the United States was thereby solemnly pledged to the payment in coin or its equivalent of all the interest-bearing obligations of the United States, except in cases where the law authorizes the issue of such obligations had previously provided that the same might be paid in lawful money or other currency than gold or silver; and

Whereas all the bonds of the United States authorized to be issued by the act entitled "An act to authorize the refunding of the national debt," approved July 14, 1870, by the terms of said act were declared to be redeemable in coin of the then present standard value, bearing interest payable semiannually in such coin; and

Whereas all bonds of the United States authorized to be issued under an act entitled "An act to provide for the resumption of specie payments," approved January 14, 1875, are required to be of the description of bonds of the United States described in the said act of Congress approved July 14, 1870, entitled an "Act to authorize the refunding of the national debt;" and

Whereas at the date of the passage of the said act of Congress last aforesaid, to wit, the 14th day of July, 1870, the coin of the United States of standard value of that date included silver dollars of the weight of 412½ grains each, declared by the act approved January 18, 1837, entitled "An act supplementary to the act entitled 'An act establishing a mint and regulating the coins of the United States,'" to be legal tender of payment, according to their nominal value for any sums whatever: Therefore,

Be it resolved by the Senate (the House of Representatives concurring therein), That all the bonds of the United States issued or authorized to be issued under the said acts of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars of the coinage of the United States, containing 412½ grains each of standard silver, and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditor.

The able Senator then proceeds to comment on these resolutions as follows:

A motion to refer that resolution to the Committee on Finance of the Senate was voted down. A very influential member of the Senate, the then Senator from Vermont, Mr. Edmunds, moved to strike out such phraseology of the resolution as declared silver to be legal tender in payment of the bonds and to insert instead phraseology which would make the bonds "payable in gold or its equivalent." But, not satisfied with these words, the distinguished Senator from Vermont in addition moved to incorporate in the resolution the following declaration:

"And that any other payment—"

That is to say, any other than "gold or its equivalent"—

"without the consent of the creditor would be in violation of the public faith and in derogation of his rights."

This proposed amendment brought sharply before the attention of the Senate the very point in issue. What was the decision of the Senate upon that point?

The amendment of the Senator from Vermont was voted down; the vote standing—yeas 18, nays 48. This means that nine years after the passage of the act to strengthen the public credit which guaranteed to the creditors payment of the principal and interest of their bonds in coin, and seven and one-half years after the standard of the coin was named 48 out of 66 Senators of the United States repelled the assertion or implication that the bonds were payable in gold alone.

This resolution passed the Senate on January 16, 1878, by a vote of 43 yeas to 22 nays, and passed the House on the 29th of same month by 189 yeas to only 79 nays, and this ought to be a sufficient guide as to the intent of Congress regarding the payment of the public debt, including even the refunded bonds, and it repels the assumptions of the money power that coin obligations must be paid in gold alone.

It is strange how pure and refined some men on this floor have become when they, in the face of such strong declarations and in the face of the plain provisions for coin payment recited in the acts of Congress on which the bonds have all been issued, even these last ones of doubtful authorization, for which the specie-resumption law of 1875 is quoted as sufficient warrant, and knowing how closely bondholders scrutinize the terms of payment—I say it is strange that men here or anywhere will claim that the Treasury gold must be kept open to the raid for it on all kinds of coin obligations, while the reserved right and option of our people to pay in silver coin as their interests may require is so completely retained although ignored by our administrations.

DID SILVER COINAGE UNDER THE BLAND ACT DRIVE OUT GOLD?

On February 28, 1878, the so-called Bland Act, providing for the coinage of not less than \$2,000,000 per month of silver dollars, also restored their full legal tender without limit.

The Wall street press raised a howl, as usual, and started to scatter throughout the country their usual false prophecies of panics and danger which failed to materialize for the occasion.

About three weeks after the passage of the Bland law of 1878, a conference regarding silver and the resumption of specie payments with the now Senator John Sherman, of demonetization fame, who was then Secretary of the Treasury under President Hayes, was held by the Senate Finance Committee.

The Secretary, Mr. Sherman, for the time, gave evidence bearing on silver that will prove how surely silver was held to be the proper payment on all coin obligations of the Government. The chairman of the committee asked Mr. Sherman, "What effect has the silver bill had, or is likely to have, upon the resumption of specie payments?"

Remember that the Bland law was now in operation.

After saying "I shall have to confess that I have been mistaken myself," and after stating some adverse effects that he believed the new law would have, he goes on to state the advantages.

JOHN SHERMAN'S TESTIMONY AS SECRETARY OF THE TREASURY.

On the other hand I will give the favorable effects. In the first place, the silver bill satisfied a strong public demand for bimetallic money, and that demand is, no doubt, largely sectional. No doubt there is a difference of opinion between the West and South and the East on this subject, but the desire for remonetization of silver was almost universal. In a government like ours it is always good to obey the popular current, and that has been done, I think, by the passage of the silver bill. Resumption can be maintained more easily upon a double standard than upon a single standard. The bulky character of silver would prevent payments in it, while gold, being more portable,

would be more freely demanded, and I think resumption can be maintained with a less amount of silver than of gold alone.

Senator BAYARD. You are speaking of resumption upon the basis of silver, or of silver and gold?

Secretary SHERMAN. Yes, sir; I think it can be maintained better upon a bimetallic, or alternative standard, than upon a single one, and with less accumulation of gold. In this way remonetization of silver would rather aid resumption. The bonds that have been returned from Europe have been readily absorbed—remarkably so. The recent returns in New York show the amount of bonds absorbed in this country is at least a million and a quarter a day. We have sold scarcely any from the Treasury since that time. This shows the confidence of the people in our securities, and their rapid absorption will tend to check the European scare.

Senator VOORHEES. That shows, Mr. Secretary, that this cry of alarm in New York was unfounded. Then this capital seeks our bonds when this bimetallic basis is declared?

Secretary SHERMAN. Yes; many circumstances favor this. The demand for bonds extends to the West and to the banks.

Senator JONES. Then, in its effect upon the return of the vast amount of bonds you refer to, would there not be an element of strength added in favor of resumption, in that the interest on these bonds returned would not be a constant drain upon the country?

Secretary SHERMAN. Undoubtedly.

Senator JONES. Would the fact that they come back enable us to maintain resumption much easier?

Secretary SHERMAN. Undoubtedly.

Senator BAYARD. You speak of resumption upon a bimetallic basis being easier. Do you make that proposition irrespective of the readjustment of the relative values of the two metals as we have declared them?

Secretary SHERMAN. I think so. Our mere right to pay in silver would deter a great many people from presenting notes for redemption who would readily do so if they could get the lighter and more portable coin in exchange. Besides, gold coin can be exported, while silver coin could not be exported, because its market value is less than its coin value.

Senator BAYARD. I understand that it works practically very well. So long as the silver is less in value than the paper you will have no trouble in redeeming your paper. When a paper dollar is worth 98 cents nobody is going to take it to the Treasury and get 92 cents in silver; but what are you to do as your silver coin is minted? By the 1st of July next or the 1st of January next you have eighteen or twenty millions of silver dollars which are in circulation and payable for duties, and how long do you suppose this short supply of silver and your control of it by your coinage will keep it equivalent to gold—when one is worth 10 cents less than the other?

Secretary SHERMAN. Just so long as it can be used for anything that gold is used for. It will be worth in this country the par of gold until it becomes so abundant and bulky that people will become tired of carrying it about; but in our country that can be avoided by depositing it for coin certificates.

But possibly one may say that the recent Treasury notes of 1890 were issued under a law pledging parity. Yes, possibly, but not such a parity as keeping silver in subordination to gold. That is not parity, but imparity, as we may say, or inequality.

Besides, as we have at another time stated, this incidental injection or stump-speech clause about parity that has become the scapegoat on whose head were laid the crimes of Wall street and her allies—laid by the high priesthood of the Aaronical golden-calf worshippers can not blot out or override the express statement of the act in the mandatory part of the same law that these Treasury notes should be redeemed "in coin."

Section 2 of the law of July 14, 1890, is plain enough on this point, but section 3 provides that there shall be coined of silver, "under the provisions of this act, as much as may be necessary to provide for the redemption of the Treasury notes herein provided for."

Where is the stump-speech, double-construction, parity-policy clause against such positive specific provisions to redeem in silver coin as well as gold?

Notwithstanding the intent and plain provisions of the law, from tables I shall give you a little later in my remarks you will find that while the scheme of the money power was on hand to drive Congress to repeal the silver part of that law, Secretary Foster, and the present Secretary following in the same line, made heavy payments in gold, instead of silver, as the interest of the Government demanded, in redemption of these same silver-purchase Treasury notes—ranging from one to eight million dollars in gold per month for the raiders.

Referring to this parity scapegoat clause, as I have termed it, I will call attention to the reply of Senator JONES of Nevada to Senator VILAS in his speech on the repeal bill:

Mr. VILAS. I do not suppose that the Senator can make the answer he is making now without knowing that the reason why the silver dollars have been held at par is because the Government has done it by force of its pledge of parity, and by the practice of the Treasury in maintaining it.

Mr. JONES of Nevada. I can say to the Senator that I was on the conference committee which made what he calls a "pledge of parity," and there was no "pledge of parity" given. There is not, in my judgment, a lawyer in this body who will tell me that under any rule for the interpretation of statutes a stray expression, such as the Senator calls a "pledge of parity," without any provision for its enforcement, is more binding than a provision distinctly and expressly mandatory, specifying with precision what, under certain circumstances, the executive officers should do.

There was never any promise made that the silver dollars should be exchanged for gold. And, as every man knows, during the very period in which the gold-standard press was stating that the people of this country feared the silver dollars would go to a discount those very dollars were going to a premium over gold. There was never a more impertinent declaration put before a people than that the recent panic was occasioned by any fear on the part of the people of this country that their silver money might not retain all its value. What better proof can be cited of this than that silver dollars went to a premium of 3 per cent over gold?

During all the period of the panic I never heard of a man taking any portion of the money of the United States, whether a silver dollar, a greenback dollar, a Treasury note, or note of any other kind, to the Treasury to be exchanged for gold. In all the "runs" that were made upon the banks and all the money that was taken out of the Treasury no effort was made by our people to get gold. The fear entertained by the people was not of the kind of

money in which they would be paid. What they feared—and subsequent events proved their fears to be well founded—was that the banks did not have any form of money in which to pay.

RETIRING GREENBACKS TO SECURE THE ISSUE OF BONDS.

Just at present the money powers are trying to secure the destruction of the United States notes or greenbacks and secure the issuance of bonds instead, and the advocates of the pending bill are seeking to turn over the issuance of all paper currency to both State and Federal banks.

So how the raid is by use of greenbacks instead of Treasury notes, and this will answer for them the double purpose of discrediting the greenback and preparing an excuse for the Secretary to sell more bonds to the raiders to get the looted gold back again.

It has been shown many times that the teaching and prophecy of our Wall street financiers are nearly always wrong whenever they put forward their efforts to influence financial legislation.

Under the plea of standing for "honest money" they have stood for an appreciating money by contraction and demonetization until they have broken down prices, ruined the investors in property and productive enterprises, and have given us the most dishonest money the world has ever seen.

Under the plea of desiring to maintain silver at a "parity" with gold they have done everything in their power to prevent the possibility of parity, closing the mints and keeping silver out of use as far as possible, and then pretending they do not know why price of silver bullion has gone down.

They talk against the greenbacks and legal-tender notes of the Government as being "founded on nothing," meaning on Government credit, and yet make their own notes redeemable in greenbacks and founded on Government bonds, both of which rest purely on Government credit.

They assured us of "relief from the financial stringency" and the raiders on the gold reserves if the purchasing clause of the Sherman law of 1890 was repealed.

By these assurances and various other means the law was repealed November 1, 1893.

Instead of relief and prosperity following, the lowest prices ever known have overtaken all products, and as to the raiding of the gold reserve by presentation of greenbacks, it has suffered greater depletion during this last year, 1894, than in all the fifteen years preceding.

DID REPEAL OF THE PURCHASE CLAUSE OF THE SHERMAN LAW STOP THE GOLD RAID?

That none may question the statistics I have given on the gold redemption of the United States notes since 1879 in comparison with the raids of the last year, I will insert the following tables and a brief letter from the honorable Treasurer of the United States, bringing the computations by months down to the beginning of this month, and from current reports the raid on our gold this month still continues:

TREASURY DEPARTMENT, OFFICE OF THE TREASURER,

Washington, D. C., January 10, 1895.

Hon. H. A. COFFEE, House of Representatives:

SIR: In compliance with the request made in your memorandum of this date, I have the honor to say that the redemptions of United States notes and Treasury notes in gold during the months of October, November, and December, 1894, were as follows:

Month.	United States notes.	Treasury notes.	Total.
October.....	\$2,542,719	\$665,171	\$3,207,890
November.....	7,085,133	714,614	7,799,747
December.....	20,819,622	1,086,416	21,906,038
Total.....	40,447,474	2,366,201	42,753,675

I inclose herewith a statement showing the redemptions, by calendar years, since January 1, 1879.

Respectfully, yours,

D. N. MORGAN,
Treasurer United States.

United States notes and Treasury notes redeemed in gold, by calendar years.

Year.	United States notes.	Treasury notes.	Total.
1879.....	\$11,456,536	.....	\$11,456,536
1880.....	543,800	.....	543,800
1881.....	28,750	.....	28,750
1882.....	115,930	.....	115,930
1883.....	.....	.....	830,000
1884.....	2,027,400	.....	2,027,400
1885.....	9,349,507	.....	9,349,507
1886.....	1,330,945	.....	1,330,945
1887.....	475,181	.....	475,181
1888.....	959,548	.....	959,548
1889.....	339,273	.....	339,273
1890.....	9,016,727	886,870	9,703,597
1891.....	15,963,813	20,296,747	36,260,560
1892.....	44,463,512	82,062,778	76,526,290
1893.....	123,941,059	17,802,944	141,744,003
1894.....	.....	.....	.....
Total.....	221,760,451	70,849,339	292,609,790

OFFICE OF THE TREASURER UNITED STATES.

January 3, 1895.

Remember that the gross exports of gold give no indication of the net exports.

Much of the gold that was drawn on Treasury notes and others while the scare was being worked up against Treasury notes and to secure the repeal of the silver-purchase clause was shipped back again from Europe in the same kegs that contained the gold when exported.

Now, having stopped the issue of legal-tender Treasury notes, the scare and clamor is worked up against the United States notes, or greenbacks; so they are being used, as you see from the tables, instead of the Treasury notes of 1890.

Will the people be caught again by the tricks of the bank and bond and gold conspiracy and allow the complete destruction of their legal-tender greenbacks and the issuance of interest-bearing gold bonds—not coin but gold bonds—instead?

Not by my vote shall the conspiracy win as long as I shall represent the interests of Wyoming on this floor. Let us stand by the greenbacks and silver as a permanent part of our currency.

HOW THE BANKS SAVE THE COUNTRY.

The redemption of greenbacks in gold began January 1, 1879, under the law known as the specie resumption act, and from that time to January 1, 1894, a period of fifteen years, the amount of gold paid out on United States notes, or greenbacks as commonly called, was less than \$98,000,000 for the entire period, being an average of less than \$7,000,000 (\$6,521,266) per year.

This brings us to the year 1894, just closed, the first calendar year since the repeal of the silver-purchase clause, pushed through Congress by the gold and bank power to "save the country and stop the raids on the Treasury gold." Did this stop it? Did it even reduce the payment of gold on greenbacks below the average of \$6,521,266 per year?

Oh, no; here, as in nearly all other claims and prophecies, they have again failed.

The payment of gold to the raiders in 1894 under this repeal measure, entirely cutting off the coinage of silver, has been over \$123,000,000—a sum far greater than all paid out during the fifteen years preceeding, including silver coinage under the Bland Act for over eleven years and the purchase of silver for the remainder of the period up to the time of the "great unconditional."

It would at the preceding average rate take over nineteen years to deplete the Treasury of as much gold as has been looted from the Treasury by the gold and bank combine within the last twelve months on greenbacks alone, leaving out of the account the manipulation of Treasury notes also. And during this last month of December nearly one-third as much gold has been taken out by these vicious processes of the false prophets as in fifteen years before.

WHY ARE THE PEOPLE NOT PROTECTED AT THE TREASURY?

Who can rely upon such sources of teaching? Why should Congress longer listen to them? On what important financial proposition have they ever taken position since the gold conspiracy began but what has been directly or indirectly dangerous and detrimental to the people, who ought to have a circulation of currency independent of bank manipulation and who ought to have a Government and a Congress that would give the people such a currency?

Why is it not done?

Why are the people not protected?

Because the people have too long been following the false teaching and the false prophecy of the money power.

And because, too, I fear, that we have not had an Administration and Secretary of the Treasury since the days of Lincoln and Johnson but what has allowed the money power the benefit of every possible construction, and sometimes bold misconstruction, of the laws, and as far as possible cut off the people from their highest and best legal rights and options to pay all coin obligations in silver as well as other lawful money for payment.

To-day, in one hour of bold, patriotic action, the raid on gold would be stopped forever if our Administration and the Secretary would pay out silver in all coin redemptions properly.

I know not what others may think of the actions of some of our highest officials during this twenty-five years' struggle with the money power, but as for me, "I would rather be a dog and bay the moon than such a Roman."

LET CONGRESS RESIST EXECUTIVE INTERFERENCE ON LEGISLATIVE MATTERS.

I can not attack motives. I must, however, be allowed to attack ignorance and error in method.

I must be permitted to appeal to this House—a parliament than which none should be found on the face of the earth more honorable and intelligent and true to the people—so if possible to arouse them to break loose and throw off the hypnotic spell that the glare of wealth and power has thrown over this legislative body.

In our sphere as Representatives in the legislative branch of this Government there is no power greater than ours.

Our commissions are from the highest sources—the sovereign people themselves.

We do not derive our authority on legislative questions from

the Chief Executive, and we ought to withstand encroachments upon our prerogatives from that source as we would those of the most insidious enemy that could undertake the subversion or subjugation of our country.

We must prove ourselves men and patriots and true to the trust the people have placed in our hands.

Is this a hard thing to do?

From what I have witnessed in the brief period I have been trying to serve as Representative on this floor, I must conclude that it is exceedingly difficult for many, but I also must conclude that it arises from either ignorance or cowardice.

No others will surrender to this money power in this great crisis. Stand, then, for your people and the right. (Applause).

WHO CONTROLS THE VOLUME OF MONEY CONTROLS THE WEALTH OF A COUNTRY.

The Government alone can be trusted with control of the money volume, and the Constitution makes it the explicit duty of Congress to regulate the value of money, which can not be done otherwise than by regulating the volume of dollars in circulation. Well, you say, what shall that volume be? I will answer, first, in coin, in gold, for those who prefer it in circulation; second, in silver, freely coined, for those who prefer silver, and I would have it coined at the old ratios of 16 to 1; and thirdly, paper money, Treasury notes of full legal tender, shall be supplementary to the coin, and issued in volume sufficient to answer the demands of business and sufficient to bring prices up to an equitable basis with the prices existing when the greater debts of our people were contracted.

Contracting the volume of money, which process by the unerring law of monetary science results in contracting and lowering prices of all products and property, while debts are pending is robbery of debtors, and our nation should guard our people against such robbery as faithfully as they would guard us against the invasions of a foreign foe.

HOW TO DETERMINE THE PROPER VOLUME.

Now, I will take up the question, What will answer the demands of business, and what will answer the demands of equity? While on the one hand there is an unlimited demand for money, since money will exchange for or buy all things offered to supply man's necessities, on the other hand the demands of equity must be considered and the supply or volume be limited. I will answer the question, What, then, shall the quantity or volume be? in this way. Our business, our prices, our enterprise, our industries are prostrated to-day by panic and contraction. These are financial troubles, not tariff troubles. We have heard, perhaps, too much from some quarters on this floor in the attempts to throw the blame for the depression of prices upon tariff legislation. The question of prices is a financial question, not a question of exports and imports. It is a question of money. It is a question chiefly of local concern. You can not understand money without understanding its effect on prices, because money by its volume controls prices, and there is no other way to maintain prices properly.

Now, a word or two further. If, then, we acknowledge, as we should and do, and as all civilized nations practically do acknowledge, that we must have paper money in addition to coin, and if we also take the position, as I do, that the Government alone can safely be intrusted with this vast power over all these industries, over profits, over property, over enterprise, over prices, and that there must, for convenience and sufficiency, be supplemental paper money, you may ask me very pertinently, what is to be the volume? What are the demands of business? What amount will be proper? Let us see if I can answer that question. I would say, begin at once by issuing full legal-tender Treasury notes for the most immediate relief pending time necessary to coin silver, and let silver be freely coined up to the capacity of the mints.

There is a loud outcry to-day for the locking up and the cancellation of the legal-tender notes. That seems to be a clamorous demand from Wall street and financial communities, but do you know in whose interest that outcry is made? Who is it that is demanding the return and cancellation of the legal-tender paper money issued by the Government? The people generally do not demand the destruction of the greenback money in circulation. The demand comes from those who, either intentionally or unintentionally, are favoring the banks of issue and would increase the opportunities of those banks to supply the currency of the country in place of the greenbacks withheld or destroyed.

It does not come from the people. It never has come from the people. The people did not demand the demonetization of silver. They have no hatred toward either silver or legal-tender greenback currency. They will in future rebuke this demand for the cancellation of the greenbacks. They do not demand the withdrawal of the notes called Treasury notes issued under the law of 1890 for the purpose of displacing them with bonds or with non-legal-tender bank notes.

RESTORATION OF PRICES AND PROSPERITY INDICATES THE REQUISITE VOLUME.

Now, taking the prostrate condition of the country into account, equity demands, the interests of business and prosperity

demand, the rights of the people to life, liberty, and the pursuit of happiness, and the opportunity to obtain happiness and wealth, all demand that you should expand the body of money to a degree sufficient to restore prices, profits, and prosperity. If the free coinage of silver and issue of a certain quantity of legal-tender paper does not give us a sufficiently expanded currency to bring up prices to a profitable range for business prosperity and for the employment of labor, then still expand with Treasury notes until business prosperity is reached and then stop, but not till that comes. These notes should be full legal tender, because no other kind of money ought to circulate among the people. The paper money in the pockets and hands of the people ought to have the legal power to cancel debts of all kinds by presentation in payment. The people should not be compelled for their general circulating medium to depend on bank-note issue that you can not compel creditors to accept when tendered in payment.

Mr. PICKLER. How much capital would you provide?

Mr. COFFEEN of Wyoming. Let me finish this question of volume, as that will answer your question, I presume. I say expand, if you find it necessary, even beyond the free coinage of silver, until you have reached a point where your enterprise and your industry—the productive and laboring energies of your people—are utilized to the best advantage, and there stop except to keep the volume increasing as wealth and population and business increase. If that amounts to \$40 per capita issue that much, and stop at \$40. If it is \$50, stop at \$50. But go on until the productive energies of your people are utilized to the best advantage.

Any Congressman who sits on this floor, I care not from what State he hails, who will stop short of that which is necessary to the utilization to the best advantage of the energies of the people of this country, is not the statesman who ought to represent his people here. [Applause.] Therefore I say go on with the expansion and you will not need to go very far to attain the desired result. The very announcement of this policy will be hailed with delight by three-fourths of the people. Perhaps the unlimited coinage of silver with right to deposit the silver coin against legal-tender notes may accomplish the proper rise in prices. With silver freely coined and legal-tender paper as far as necessary as supplementary to coin go on by proper gradations until you have utilized the energies of the nation to the best advantage. This is not difficult to understand, and the point to which expansion should be carried and where expansion should stop are matters as easily determined as any other matter upon which we legislate. As you expand the volume of your currency prices will rise in equal ratio. As prices rise profits will accrue, for profits in all kinds of business depend on the rise or at least the maintenance of prices, and as profits accrue labor will be fully employed.

INCREASING VOLUME GIVES EMPLOYMENT TO LABORERS.

Your 3,000,000 tramps in this country forced out of employment by the bankers' panic of 1893, the object lesson to illustrate the gold standard ideas of money, will be needed, every one of them; and they will all be invited, at good fair wages, into employment and activity. This will surely come about by the efforts of employers of labor to get the benefit of the profits accruing by the rise in prices and the expansion of the volume of money. Realizing that the rise in prices means increase of profit, and that increase of profit means the employment of the labor and energies of the nation, when you find you have reached that point, then in view of equity to the creditor class, I would stop expanding the currency beyond the proper ratio to business, but would continue it at a ratio which would always maintain reasonable prices. To stop short of that is contraction, and I care not what your currency system may be, it is unjust to the people to have a volume of currency that does not expand with expansion of business.

Money does not serve to exchange commodities only, but must also be a standard of equitable payment and the support of prices that will yield just reward to labor and enterprise. A contracting or diminishing volume of money can not maintain equity nor support prosperity. Neither can a stationary volume answer in a growing country or increasing population or expanding business. Expanding the mass of wealth demands for equity the expansion of the volume of money in circulation.

Banks already have enough power over prices without giving them power to issue or contract the volume elastically at their pleasure.

Mr. WARNER. Allow me to ask my friend how he would secure the putting out of this money in order that it should be properly distributed?

Mr. COFFEEN of Wyoming. I will answer my friend from New York. It is an old question. We have had it asked for twenty years—if the Government issues money how will you get it out among the people? By paying it out for services, salaries, supplies, and so on, as all paper money issued and reissued is now paid out and distributed.

Mr. WARNER. Among the right people.

Mr. COFFEEN of Wyoming. Yes; among the right people. It circulates and goes out in a thousand channels to the end of the country.

Mr. WARNER. We do not want it congested at a few points. Mr. COFFEEN of Wyoming. No; when contraction comes and prices fall as they do, following any great and sudden contraction of the currency, money, always flows to the money centers. Congestion of money itself is a sign that money has been contracted and enterprise retarded and prices have fallen. When gentlemen are discussing this question before the farming community they say, "How are you going to get your share of this money unless you have something to sell or exchange for it?" I say that if prices rise as they will in proportion to the expansion of money, the farmer will not only be able to get something for what he sells, but will command a better price, which all of us agree he should justly have, for we all know he does not get justice under the present range of prices. If the people of the interior and West and South had been able to get prices that should have been maintained on their produce and manufactures they would have that much more money and wealth to command money among themselves, and money would have been out among the right people instead of being congested at New York.

Gentlemen say there is a deficit in the Treasury; but this is not altogether on account of the tariff question; it is very slightly owing to the tariff question. It is because of a paralysis of the industries and activities of the country, a destruction of the ability of the people to obtain prices and money sufficient on what they do sell, and shrinking of prices also as well as quantity on imports that cut short Government revenues. When people get good prices they readily consume more of home products and more of imports as well, and thus the revenues of the Government are more abundant. A shrinking volume of money is destructive of revenues and resources of the laboring people, and for the same reason of the Government also. All suffer that the money dealer may appreciate his money and get advantages of the debtor classes.

Hear Mr. St. John, president of the Mercantile National Bank, of New York, in his evidence before the Currency Committee, page 352 of the hearings:

Mr. ST. JOHN. Primarily and underlying the whole thing is the fact that the aggregate sum of money in the United States is not sufficient. If there were a general business revival in the United States we would have a painfully stringent money market within ninety days. That is one answer to the question.

Mr. JOHNSON of Indiana. Is it not a fact that at the very time that these people in the agricultural sections are complaining about the scarcity of money there are large quantities of money lying idle and congested in the money centers?

Mr. ST. JOHN. Undoubtedly so, as I thought I had explained.

Mr. JOHNSON of Indiana. Then would you say that the reason why this complaint exists is that there is not sufficient money for the purpose of moving the crops?

Mr. ST. JOHN. I would, undoubtedly. When I find an accumulation in every bank of Europe greater this year than for years past, I know there is a reason for it. The increase of the aggregate money of the world is stopped, except as one can provide 408 pounds of gold when he wants to add a thousand dollars to it. Distrust is the concomitant and distress, the achievement.

Mr. JOHNSON of Indiana. Is the reason why money can not be had in agricultural districts in sufficient quantities to enable the crops to be moved because of the fear among lenders that there is no security for the money?

Mr. ST. JOHN. It is one and a sufficient reason for bank caution. The people who are making these complaints, and justly too, I think, are not prosperous. They are mortgaged to death to their factory and stores and country merchants. What they mortgage their homes and crops for is dollars. If their product will not yield dollars they can not pay their debts. Cheap overcoats do not concern the planter and farmer unless dollars are the outcome of their crops.

I have said that the aggregate of all our money is our measure of all values. It follows that the aggregate of money must increase with the aggregate of the commodity considered if the price of that commodity is to remain unchanged. Large volume of wheat, low price for it; large volume of dollars, low value of dollars. I do not mean interest value of dollars. I mean relative value of wheat and dollars. High prices for flour and high rates of interest are found together. We see this conjunction in mining districts. To be brief, it is the fact that the world's growing abundance of the necessities and luxuries is surpassing the world's sufficiency of money. The prime sufferer is the producer of the abundance. Reflectively and painfully all elements suffer on account of him.

Mr. COBB of Alabama. Is it not a fact that it is because of this vast accumulation of money in New York, and a number of other cities, that the country is not generally prosperous?

Mr. ST. JOHN. These accumulations are not the cause; they are one evidence of the lack of prosperity.

Mr. COBB of Alabama. Have you any opinion as to what causes this want of general prosperity, whether it is from natural conditions, or from the result of operations of law, or what is your idea?

Mr. ST. JOHN. My opinion is that the aggregate sum of money in the United States is insufficient to establish confidence in its ability to meet the demands upon it under ordinary prosperity. Also, our money has a scarcity value proportionate to our abundance of the commodities which it values. "Prices," or dollar valuation of commodities, is ruinous to those who provide prosperity (by labor and production) when we have any.

Mr. COBB of Alabama. What remedy can you suggest?

Mr. ST. JOHN. Enlarging the primary money of the United States.

Mr. COBB of Alabama. How?

Mr. ST. JOHN. Abandon experiment and go back to eighty years of our own experience and the world's experience in money.

Mr. COBB of Alabama. In your opinion, would that give us a more general dissemination of the volume of money in the country?

Mr. ST. JOHN. It would decidedly. May I read my answer to that inquiry on another occasion? I assume that I may.

"At this present moment a dollar, as the means of acquisition and measure of value, is more efficient than in any other period of recent years, prices of staple commodities being ruinously low. And yet at this same time money seeking wages, entitled interest, seeks employment vainly, or at rates that barely pay. Under these conditions fixed capital suffers in the failure of investments, the banker suffers as a lender, the merchant in the restricted distribution of commodities, the manufacturer and other producer in the current low prices, and labor in want of employment starves. In the mutual relations between these elements of the people, accumulated wealth loses in the reduction of its income, but regains a portion in the increased efficiency of the remainder as related to the commodities which he consumes. No other one of these elements, as such other, has profited at all. Labor has lost everything in losing its employment. The enduring fact, therefore, if these functions in money were the only ones to be preserved, would be 'the rich made relatively richer at the expense of the poor made poorer,' as one achievement of statute law."

HOW TO GET GOVERNMENT LEGAL TENDERS INTO CIRCULATION.

But to answer more explicitly and fully, how can the Government get its issues of paper money into circulation? This is easily answered. The yearly expenses of the Government, current expenses, are nearly \$500,000,000, about \$40,000,000 per month, nearly \$10,000,000 per week, far above \$1,000,000 per day.

Let the Government pay out and distribute the legal-tender notes that should be issued in the current expenses. Will not this be practicable and convenient and safe? Certainly so.

And would it not distribute it with sufficient rapidity? Yes, far too much so. If one-half of the current expenses of the Government were paid by issues of legal-tender notes, it would be abundantly rapid to cure present stagnation in three to six months' time. It would be at the rate of \$20,000,000 per month, and this would immediately revive business, with the promise of better prices, profits, and success in all kinds of manufacturing and productive enterprise.

This would, at the same time, very quickly cure the deficiency in the Treasury and help out the Government as well as the people. But would it go to the right people? Very quickly, for through the salaries of Government officials and in payment of supplies and other expenses it would go to all parts of the country and render money more abundant everywhere.

DIFFERENT PLANS FOR BANK CURRENCY PROPOSED.

We are all agreed that our present mongrel system of currency is wrong, dangerous to prosperity, full of confusion, and full of injustice to all the laboring and debtor and property-holding classes.

It is, by its variations, contractions, and manipulations, used constantly to break the equities of all time contracts, lower general range of prices, and rob debtors of their rights and products.

We are all agreed that a remedy for these evils and relief from confusion should be applied.

What remedies are proposed?

PLANS TO AMEND PRESENT SYSTEM.

One is to give more power to the banks by issuing to them a greater amount of currency without compensation—that is, by issuing to them not only 90 per cent on their deposits of United States bonds at a charge of 1 per cent per year, but to furnish them 100 per cent or possibly 114 per cent while the Government bonds stand at 14 per cent premium and release them also from paying even 1 per cent tax or interest on this currency furnished thus to the banks, and, as in all of these bank plans, it provides for the issuance of more bonds payable in gold.

OTHER BONDS FOR SECURITY.

Another is to allow banks to deposit other than United States bonds for security, and yet make the Government liable for ultimate redemption of all the bank notes and issue gold bonds in place of the greenbacks.

BALTIMORE PLAN.

Another plan is to allow banks to have a national form of currency printed for them that may be issued and loaned out as notes of the banks based nominally on bank assets, but the Government to guarantee ultimate redemption. This is the Baltimore or bankers' own plan.

CARLISLE PLAN.

Another is to practically turn the entire responsibility of supplying currency over to both State and national banks under a sort of supervisory provision upon deposit of a 5 per cent and 30 per cent fund in legal tenders; but relieving the Government entirely from all responsibility of final redemption of circulating bank notes.

ECCLIES PLAN.

Another is to take 50 per cent of assets of the bank on which to determine amount of note issues allowed to the banks, and an additional amount may be allowed them under heavy Government charge or taxation as an emergency currency.

WHAT THESE AND OTHER BANK PLANS INVOLVE.

All of these plans involve the following:

1. The banks to control the volume of currency.
2. The banks to secure all the profits on currency.
3. The banks to be allowed to exercise the principle called elasticity, another name for sudden contraction or expansion, as their own profits may dictate without public notice and without regard to the rights or needs of the people generally.

4. The banks to protect one another as note holders (for they are the principal holders of bank notes under the deposit system of our country), while depositors are left completely unprotected.

5. The banks to have to themselves and all creditor classes all the benefits of a highly appreciated gold-standard money, possessing double the purchasing power that money should have in exchange for all other property, while the burden of maintaining the gold redemption for a time and the dishonor of an ultimate and a certain breakdown will fall on the Government.

6. The banks to have all and unrestricted opportunity for pooling their interests and to have all limitations that are disagreeable to them removed under the pretense of removing obstructions to elasticity.

7. The banks and money dealers to have the most absolute and fully legalized control over the prices and values of all property, all profits, all industries, all equities of contract, and through these channels they will have the most complete control over all political power and governmental administration that the world has ever seen in any age or clime.

8. If there is anything else in sight that Congress can give them they will, as humble conservators of financial integrity and wisdom and as saviors of the country in its time of need, accept that also.

WILL THE PEOPLE BOW DOWN?

Will the people of America bow down to worship in abject servitude this golden image of the modern Babylon and the money syndicates of the empire of wealth? Will Congressmen bow down?

It might possibly have some effect on the cowardly Congressmen who have so far forgotten their constituencies to have the Chaplain of the House start up the Sunday-school song of "Dare to be a Daniel." Imagine the cuckoos and followers of Senator JOHN SHERMAN singing that song.

There are times and crises among all peoples who seek to maintain liberty and justice that try the courage of discerning minds.

Such a trial is now impending over you who sit here to either protect or betray the rights and liberties of 70,000,000 people.

What will you do?

Has the fad of elasticity become epidemic? Has the disease attacked your backbone? If so, have the manliness to resign and go home to your people and you will, by freely mingling with them and avoiding the blandishments of wealth, soon regain stamina and a clearer vision of the rights of mankind in its great contest with the combinations of wealth and iniquity. Byron said, in his Song of the Greek Poet, in trying to arouse the Greeks to regain their lost liberty—

Must we but weep o'er days more bless'd?
Must we but blush?—Our fathers bled.
Earth! render back from out thy breast
A remnant of our Spartan dead!
Of the three hundred grant but three,
To make a new Thermopylae!

STAND AGAINST ALL EVIL SYSTEMS OF LEGISLATION.

But, Mr. Chairman, they tell us we must choose between the evils of the present system and the imperfections of the Carlisle plan of currency reform.

I have no hesitancy in saying that if such were the only alternatives I would prefer the plan of the Secretary, which will give temporary relief and break for a time at least the intolerable monopoly of the money power and the international gold conspiracy manifest in Wall street as well as in Europe.

But, sir, our case is not so desperate as they would have us believe. There is another alternative—that of opposing all schemes of the gold and bank and bond forces, and standing and fighting to the end for a true and simple plan of Government issue and Government control of the volume of money in circulation against all theories of bank issues and bank control.

Mr. Chairman, there is still another way out of the difficulty. When our revolutionary sires were told that they must submit to the new demands of the British King and Parliament or suffer fines, penalties, and imprisonment, they responded that they would not submit to either, but would choose a pathway and course of action of their own, and from one end of the country to the other camp fires were kindled and the humble but brave colonists formed in lines of battle.

The King found out that the American Colonies would not submit, but were determined to choose alternatives of their own. So, now, we choose neither your bill nor the present banking law, but go to the country on appeal from both.

Who controls the volume of currency in circulation controls the welfare of the people, for the most fundamental and universally admitted truth in monetary science is that volume controls price. To control price is to control profits, to control property, to control all branches of industry, and to control the happiness and prosperity of the people and the safety of our Republic.

Therefore we must never surrender this control to the banks or to any other one class of citizens whatsoever.

The Government must hold against all combinations of private

capital the right to issue and coin all money for general circulation and control its volume in the interest of industry and equity.

This is the main question—this is the vantage ground over which the battle is raging. Who shall control the aggregate volume of currency in circulation thus to regulate value of money for purchase, exchange, and payment, and thus to protect property and prices for all producers and maintain the equity of all time payments.

There are other incidental questions.

To maintain compulsory redemption of all currency in gold is to cramp and limit the people to the conditions of the dark ages, and subject the welfare of mankind to the tricks of those who have their clutches upon and practical control of all the gold available in the world.

GOLD MONOMETALLISM WILL END IN COLLAPSE

The gold standard or gold monometallism is a failure, and it can not be otherwise.

There is great gain and power and wealth in it for those who control and manipulate the supply of gold, but for the people and the nations there is no wisdom or equity in it—no progress, no chance even to maintain the present status of civilization. It hangs like a pall over the commercial world.

It is the most stupendous and unjustifiable experiment ever forced upon mankind, and is followed by a long train of injustice and extortion. It is transferring the wealth and property of the industrial and debt and tax paying millions to the money dealers, until here, at the close of a century of wealth production exceeding perhaps that of any three centuries preceding, the net results of this marvelous wealth production is passing out of the possession of the producer into the possession and control of the money power.

This I have, as I believe, clearly shown by a strong array of facts and monetary statistics on a former occasion in my speech on Money, Banks and the Debts of the World.

I have also shown that civilization must break down or the gold standard be abandoned.

Mankind and the universal product of all his toil and invention are greater than the one little yellow product called gold; so, even if the gold standard must be abandoned, man and liberty must survive. Gold must again be conquered and made a servant instead of a master by the sovereignty of law.

When I think of the cruelty of the gold power and how easily the prolonged suffering of our impoverished workers might be relieved by abandoning the gold standard and securing a sufficient supply of money through the sovereign power of government I think of the poet's song:

'Tis for this they are dying where the golden corn is growing,
'Tis for this they are dying where the crowded herds are lowing,
'Tis for this they are dying where the streams of life are flowing,
And they perish of the plague where the breeze of health is blowing.

The remonetization of silver, although a great question and under present conditions so important to the welfare of this nation, is yet an incidental matter and a subordinate question to this greater question of the control of the total volume of money in circulation.

Silver remonetization will double the metallic base of coin redemption money and successfully break the present control of the European gold power over the welfare of America.

But neither silver nor gold alone nor both in conjunction can in themselves furnish an adequate volume of money for the present stage of civilization.

Paper money is necessary to supplement the supply of gold and silver, and this is generally admitted by all competent authority. So we come again to the question, Who shall issue the paper money and who control its volume?

We answer again, unhesitatingly, that the Government must coin and issue all money, for there is no other way in which it can control the aggregate volume. Coming to a more direct consideration of the pending currency bill, which has been prepared by the honorable Secretary of the Treasury himself, and is so generally known as the Carlisle plan, I am astonished to find him taking such an interest in upholding banking institutions to-day for the issuance of money, independent of the United States bonds, for the marketing of which the national banks were created, as shown by Mr. Carlisle himself. His plan divorces all new banks of issue from the deposit of Government bonds.

Perhaps no man in America has more strongly contended, in these very halls, that the only sufficient excuse for the creation of national banks and conceding to them the privilege of issuing paper money was to provide a market for the bonds.

He even contended that except for this purpose of making the banks to a degree agencies of the Government to facilitate the placing and marketing of bonds the Federal Government would not have been competent under the Constitution to create such corporations.

Hear what he said on March 1, 1881, found in Appendix to the

RECORD for the third session of the Forty-sixth Congress, page 247:

What was the primary purpose of the Government in establishing this system in the first instance? If any gentleman entertains a doubt upon this subject let him read the reports in which Mr. Chase, then Secretary of the Treasury, suggested and recommended the passage of the original national bank act, and he will be convinced that the principal purpose of that eminent financier was to create a certain demand and reliable market for Government securities. Considered with reference to that purpose, it was unquestionably a wise stroke of financial policy, and it justly won for its author the highest encomiums from ministers of finance in all parts of the world. In fact, the constitutional power of Congress to create these corporations can not be maintained except upon the ground that they were to constitute, when organized, agencies of the Government for certain public purposes.

He then quotes Chief Justice Marshall to establish his position, and later takes up the evils of contraction and elasticity in bank issues. I will quote further what Mr. Carlisle has said of allowing banks to contract and expand when I come to show that banks should be deprived of all privilege of issuance.

So we find now that instead of supporting the national banks as an agency of the Government, requiring them to deposit bonds and thus aid the Government in placing and marketing bonds, he proposes to perpetuate the banks for their own profit simply (which he has shown could not constitutionally be done), and allow them issue privileges in increased degree and he would stop any further use of bonds to secure circulation.

The rights of the people, safety against contraction of currency, and even the Constitution itself as it once appeared to him are now thrown overboard.

He still sells bonds, but weakens the market.

He points out how the bankers and exporters raid the Treasury for gold on coin obligations, yet refuses to pay them silver coin and protect the rights of the Government.

He claims that silver ought to be kept at a parity, yet keeps it in subjection and disgrace.

The very Treasury notes paid out for silver he insists must be paid in gold instead of silver, if exporters and speculators demand it.

To me it seems clear, as I have said, that the way to stop the drainage of gold is to stop it.

He has the legal power unquestionably.

It is just to the people that silver should be paid when gold is in short supply.

He should do the proper thing and stop the drainage. [Applause.]

OUR SECRETARY YOKED TO REPUBLICAN DOCTRINE.

Like all former Secretaries of the Treasury for the last twenty-five years he has yoked himself to the bank and bond and gold scheme, and so upon the most doubtful authority sells bonds under the pretense of maintaining coin redemption for greenbacks and Treasury notes, while the vaults are filled with hundreds of millions of full legal-tender silver coin and with tons of bullion out of which more should be coined if needed.

You have heard of the man in the old settlements who had one fine yearling steer that he thought best to subdue and train up in a good, proper manner; so he yoked himself up with the steer to break him. All went well for a little time, until the steer, becoming disgusted with the situation, started with the man down the lane furiously. When the neighbors called out to the man, asking where they were going, the very proper reply of the man was, "I don't know—ask the steer." And he loudly called on all to stop them, if they could, for he believed they were "running away."

So this Administration has yoked itself to the Anglo-American gold and bond scheme, and unless stopped soon it may land in the arms of the Republican party in this financial runaway.

"The way to resume," said Greeley, "is to resume." Were he alive to-day he would say the way to stop doing the impractical thing and stop paying out gold voluntarily is to stop it.

The fact was clearly brought out a few days ago by the gentleman from New York [Mr. HENDRIX] that France, the greatest gold and silver holding nation in the world, through the Bank of France and for the protection of the Government, refuses to pay out over 5 per cent of gold on demand when raids are made for export, and pays out instead 95 per cent in silver. Will any one say that France is therefore and thereby thrown on a silver basis?

Will anyone say France thereby endangers her credit?

Does it not in fact give confidence in a government to see it use its options in all financial matters in the interest of its own people and their treasury instead of the gold-mongers?

Nearly all Treasury obligations are payable by explicit terms in coin, and it is optional with the Secretary to pay in silver coin, and he should do so.

CARLISLE AS A PATRIOT VERSUS CARLISLE IN THE PRESIDENT'S CABINET.

In taking up the Carlisle plan in the bill pending I wish to use Mr. Carlisle's own testimony against the principles retained in this bill, uttered by him in ringing and patriotic words in his speech of March 1, 1881, before he had been seduced into supporting bank and bond issues and the gold conspiracy that he once so strongly condemned.

He says:

But, Mr. Speaker, by far the most dangerous feature yet introduced into the national banking system is contained in that part of the fourth section of the act of June 20, 1874, which authorizes the banks at any time, and for any reason which they may choose to consider sufficient, to deposit lawful money with the Treasurer, contract the currency to that extent, and withdraw their bonds; and, sir, it is not going too far to say that until this feature is wholly eliminated or materially modified there can be no assurance of safety to any legitimate investment or business enterprise in this country. If there was ever a doubt as to the dangerous character of the power which this part of the law gives to the banks over the business and property of the people, the arbitrary and unjustifiable proceedings of the last week ought to dispel it forever. The power was conferred in the first instance, as I have said, for a special and temporary purpose, the equalization of the national bank circulation, but when the resumption act of January 14, 1875, was passed, which removed all restrictions as to the amount of such currency and made the system entirely free, there was no longer any necessity for this clause, and it should have been instantly repealed. It is a standing menace against the prosperity of the country. Armed with this destructive weapon the banks may at any time, without a moment's notice or a shadow of provocation, strike down every industry and every commercial enterprise of the people.

He speaks of the power given to the banks to withdraw bonds for speculation and contract the currency by depositing lawful money with the Treasurer as "the most dangerous feature yet introduced into the national banking system."

To-day he advocates releasing them from deposit of bonds, as in the substitute bill, and the deposit of these legal tenders.

It may be held by advocates of the Carlisle plan that the deposit of 30 per cent of circulation in greenbacks will not contract the currency, but the points I would make in reply are—

First. That it is optional with banks to contract or expand, and Mr. Carlisle points out how they pervert and abuse the power conferred.

Second. That the deposit of lawful money will contract the amount of legal tenders in circulation just to the extent that they are deposited, and the people must put up with nonlegal tenders instead.

Mr. Carlisle then goes on to say:

The banks, or some of them at least, first began to pervert this section of the statute from its original purpose and abuse the power which it conferred upon them by depositing lawful money and withdrawing their bonds from time to time, in order to speculate upon them in the market. They thus withdrew large amounts of their circulation and contracted the currency, not because the reduced demands of business made the outstanding volume of circulation unnecessary or unprofitable, but simply because they wanted to realize the high premiums on their bonds and speculate in the securities upon which the Government had already delivered to them 90 per cent in notes. These notes would be left outstanding for the time being, but an equal amount of Treasury notes would, of course, be withdrawn from circulation and held at the Department to redeem the bank notes as they might come in. The Treasurer, in his last annual report, describes this process by reference to actual transactions in his office; and as his statement on this subject can not be condensed without impairing its force, I give it in his own words. He says:

"Under the construction placed upon the law banks which have thus reduced their circulation have been permitted to increase it again as often and as largely as they chose, whether their legal-tender deposits were exhausted or not. An example will better illustrate these operations. In January and February, 1875, a certain bank reduced its circulation from \$308,400 to \$45,000 by deposits of legal-tender notes. Between September 26, 1876, and May 26, 1877, and before that deposit was exhausted, it increased its circulation to \$450,000. Between August 14 and September 10, 1877, it again reduced its circulation to \$45,000. On September 10, 1877, nine days after completing the deposits for this reduction, it again began to take out additional circulation, although \$42,550 of prior deposits remained in the Treasury, and by the 26th of that month its circulation had again been increased to \$450,000. July 22, 1878, it, for the third time, reduced its circulation to \$45,000, and in August and September, 1879, again increased it to \$450,000, at which it now remains, the balance of its former legal-tender deposit then in the Treasury being \$112,615."

This was elasticity for you. It would seem that the then Treasurer of the United States and the now Secretary of the Treasury looked with suspicion upon so much elasticity as the banks then possessed and even now possess.

It seems that in 1881, as at other times, the associated banks could and did produce panics at will—contracting the circulation, as Mr. Carlisle says further along, to the extent of over \$18,000,000 in thirteen days—and let me remark here in passing that the then Secretary of the Treasury, to rescue business from their intended ruin, at once went into the market at New York and bought bonds, which threw that many more dollars at once into circulation, to counteract the contraction of the bankers, but here recently, in 1893, when the national banks contracted their circulation to the extent of about \$40,000,000 and shortened their loans to produce another panic, our present Secretary, in line with the preceding Administration, left the people at their mercy, held back silver, and instead of buying bonds uselessly assisted the raiders on the gold reserve and sold bonds in exchange for the very gold extracted.

But let us quote further from Mr. Carlisle.

He then was fighting the powers he now upholds.

Through all that long and fearful night
The prayer of Ajax was for light.

ELASTICITY, SO DANGEROUS THEN, SO CHARMING NOW.

He says, continuing and commenting upon the bobbing up and down elasticity of the banks as shown by his quotation from the Treasurer's report:

No one will contend that this was a legitimate and proper method of conducting business under the national banking system, and yet it can be resorted

to every day by every bank in the United States as long as the fourth section of the act of June 20, 1874, remains unrepealed. It disturbs values, affects the money market, and subjects the Government to unnecessary expense merely to gratify a spirit of speculation and gain on the part of the managers of the bank, and it ought to be peremptorily forbidden in the future.

Under this section the banks have it in their power to contract the currency and produce financial distress, involving every interest in the country and embarrassing the operations of the Government itself, whenever they may think it will promote their special interests to do so. If they do not like proposed legislation in Congress or elsewhere; if they are opposed to the success of a particular political party; if they conclude that they ought to be exempt from all taxation, State and Federal; if they want additional privileges conferred upon them in respect to any matter connected with their business; in short, if their opinions and interests are not consulted in all cases whatsoever, they can resort at once to this tremendous power over the fortunes of the people and thus bring the timid to terms and ruin all who refuse to accede to their demands. A plausible pretext can always be found or invented for the exercise of such a power as this, and powerful influences can always be brought to justify and sustain it.

In confirmation of the threats of the bank power many years ago through the New York press, that they were getting the machinery in order by which, on a few hours notice, they could act so strongly that no act of Congress could withstand them (which showed to my mind that treason was lurking close to the star chamber consultations of Wall street), and in confirmation with Jefferson's warning concerning such bank powers, that they were more dangerous than standing armies, and in general accord with what has long been pointed out by those of us who are Democratic enough to want bank issues suppressed and the circulation restored to the Government where it belongs, let us quote the arraignment that Mr. Carlisle makes against the national banks.

Continuing from sentences quoted above, he says:

The two Houses of Congress, representing the aggregate interests of fifty millions of people, have, after mature deliberation, passed a bill which the banks have chosen to consider obnoxious to them, and forthwith—within thirteen days—they have contracted the currency to the extent of \$18,722,340 and precipitated a crisis which would have been disastrous to the country had it not been met by measures which they had no power to prevent. The prompt action of the Secretary of the Treasury in purchasing a large amount of bonds at the city of New York, and the course of the Canadian banks in throwing seven or eight million dollars of their loanable capital on the market, alone prevented a catastrophe from the effects of which we might not have entirely recovered for many years.

When Secretary McCulloch, several years since, in pursuance of his contraction policy, began to retire and cancel legal-tender notes at the rate of \$1,000,000 per month, it produced such consternation in business circles that Congress was forced to intervene at once and arrest the process by the passage of a joint resolution; but now we have seen nearly \$10,000,000 of circulation withdrawn in less than half a month, not by the Government, but by institutions in the management of which the Government has no voice, and still gentlemen here insist that the power under which this has been done, and under which it may at any time be repeated, shall not be taken away. Why, sir, the whole contraction of legal-tender Treasury notes under the provisions of the resumption act, from January 14, 1875, to May 31, 1878, when it was prohibited by law, was only \$94,816,904, not twice as much in more than three years as the bank contraction has been in less than two weeks.

This experience warns us that we can not safely permit this great power to remain in the hands of these institutions unchecked by legal restrictions. It is an engine of destruction standing in the very narrowest part of the way to permanent industrial and commercial prosperity in this country; for there can be no such prosperity anywhere in the midst of sudden and enormous contractions of the currency; nor will prudent and experienced business men embark in large and expensive enterprises when the power to make such contractions is held by private and interested parties who acknowledge no restraints except public sentiment and their own views of the public welfare.

By law the volume of legal-tender notes is limited to \$346,000,000, while under the policy of the Government nearly \$150,000,000 in gold and silver coin are permanently withheld from circulation and hoarded in the Treasury. Of the \$54,000,000 gold coin in the country the Government and the banks held, on the 1st day of November last, \$234,000,000, and the people only \$200,000,000. The circulation of State banks is taxed out of existence; the coinage of silver is limited by statute to \$4,000,000 per month; and so it appears that by statute or public policy every form of currency which the people can use in the transaction of their business is restricted, except national bank notes. They alone are perfectly free from all restrictions, legal or otherwise, and upon them the people are compelled to rely under existing circumstances for the additional facilities of exchange necessary to enable them to carry on their growing industries and conduct their rapidly increasing commercial enterprises.

On another occasion it will be remembered how strongly Mr. Carlisle has insisted that there has been a conspiracy between American and European money powers to force the gold standard on this country and how he compares the evils of their contraction policy to those produced by war, pestilence, and famine combined.

NO DEMOCRACY IN THIS NATIONAL-BANK SCHEME.

Do not let anyone recklessly say that I am attacking the honorable Secretary's Democracy. I am upholding that which he strongly upheld some dozen years ago, and would uphold true Democracy everywhere, but I deplore and would oppose his Republicanism as shown in his recent upholding of Republican policies and practically a Republican bank system, and I call attention to his own abandonment of Democratic doctrine and his own former teaching on these questions.

This present pending currency bill has so little of Democracy in it that no Democratic Congress should accept its bank-issuing features.

It appears to my humble judgment that the present executive administration has, on the money question, abandoned all true Democracy, the platform and all, as I understand Democratic teaching on the money question, and this will go far toward ex-

plaining the efforts of the people everywhere to reprove the President and Democratic party at the late general elections.

This bill will not even please the Republicans, chiefly because they have long been the champions of the national banks and do not want to lose their "occupation." And if the people want national banks and bonds and gold-standard money prices they know what party has a long-standing record in favor of these things.

It will not in that case be the Democratic party. Either this triple-headed scheme of bank issues and bond issues and gold-standard money must perish or the Democratic party will perish.

For myself, in these days of halting I would still cry out, "De-la-da-est Carthago" to the gold conspiracy. And if I mistake not, the pending bill is already beaten. Democracy shall yet move out of this confusion into a clear field, where it can regain its bearings.

The English people cut off the head of Charles I because of what they believed to be his tyranny, and they tried Cromwell. All went well until the second Cromwell began again the exercise of tyranny, from which they had sought to escape, when the people rose up again and restored the royal line in Charles II, saying, "If we must have a tyrant, let us have a legitimate one."

This did not mean that the people loved tyranny, however.

So the people are likely to say to the Democracy in this country if they adopt the Republican tyrannies of turning over the country to the bank and bond and gold conspirators, "We would rather have the legitimate tyrant in power, if we must submit to these tyrannies," and so they would restore the Republican party to power again.

Here is a clipping from Henry Clews's Financial Review of January 5, 1895, in which we can see the purpose of the money power to use the Democratic party for the banks, bonds, and gold mongers during this short session, if possible, and then cast it aside as illegitimate and useless:

All that is really desirable for the present short session to do is to pass the railroad pooling bill and to pass a bill to amend the law which authorizes the issue of 5 per cent. United States bonds by reducing the rate of interest to 3 per cent. and, in consideration for making that low rate, the bonds to be payable, both principal and interest, in gold coin. If this is done it would meet the present emergency, and would beyond doubt stop the export of gold and the present drain upon the Treasury in consequence. Europe would take an unlimited number of such bonds and pay a handsome premium for them, and would prefer them to our gold. This I do not hesitate to assert, as I know whereof I speak. With this legislation, together with the appointment of a commission by President Cleveland, to be comprised of the newly elected members of Congress, half Republicans and half Democrats, to formulate a currency plan to report to the next Congress, the business situation would materially change for the better, and confidence and courage would revive and thereby immensely stimulate business enterprise, now so much needed in all sections of the country.

SPECIFIC PROVISIONS IN THE CARLISLE BILL.

The Carlisle plan provides no limit to the expansion and provides no safeguards against contraction of currency.

It provides that banks may issue notes up to 75 per cent of their paid-up capital under so-called safeguards for the ultimate payment of their notes. There is, however, no safety against frauds in permitting banks to issue money on a deposit of less than the amount circulated.

There is no limit to the number of banks that may be organized or the capital that may enter into the banking business. Nor is there any provision compelling any banks to issue any certain amount of currency or to keep it in circulation when issued.

In other words, it is entirely optional with banks what the volume of currency shall be or how far expansion or contraction of the currency may be carried.

It provides no means of current Government redemption, nor compulsory current redemption of the issued notes by the banks themselves in any specified kind of coin or money. This leaves it optional with the banks to redeem in any legal-tender money.

And this again makes it of interest to banks, while gold is both scarce and dangerous to hold (see Hearings, page 46), to retain in their possession abundance of greenbacks and Treasury notes preventing, thus far, both their circulation and their cancellation, and yet keeping them as a menace to the Treasury gold reserve as "coin" redemption is now construed.

It weakens the securities for depositors in note-issuing banks, by holding all assets of banks and liabilities of stockholders under first lien to secure the ultimate redemption of the notes issued.

It contemplates redemption by the banks of all bank notes in either gold, silver, or legal-tender paper of the United States, with an opportunity to expand the volume of bank paper to a dangerous degree, while the volume of legal-tender notes may be retired, paid by surplus revenue, which thus lessens the means of redemption.

It provides for a possible inflation limited only by the capacity to transform wealth of this country into bank capital. In this it advocates even some of the Populists they profess to condemn.

It discards all responsibility as to keeping the paper currency within due bounds or ratio to the coin that shall be available for coin redemption.

SOME PERTINENT QUESTIONS FOR THE GOLDITES.

It may be said by the advocates of this bill that the banks are not compelled to redeem in gold, but are perfectly free to redeem all their volume of notes, whether inflated or contracted, in silver or in greenbacks.

Then answer me—

First. Would we be on a silver basis or a greenback basis, or both, or neither?

Second. If the Government is by this system relieved from the redemption of the bank notes and permits their perfect and constant redemption in silver and Government legal tenders, what has become of the gold standard?

Third. Will not all of Europe and foreign holders of American securities become, according to your former teaching, alarmed and withdraw gold and force us upon that dreaded silver basis?

Fourth. Worse yet, are we not recognizing that dreadful "fiat" greenback as a money of ultimate redemption?

Fifth. Or, if we are still to be held upon a gold basis, does not the responsibility clearly rest upon the Government to keep up constant and current gold redemption and payments at the Treasury and be held to the ultimate redemption in gold of an uncontrolled volume of money?

Sixth. Is not this more greatly endangering the public and Government credit than any school of cranks and inflationists ever proposed before?

It appears to me, therefore, clear that the adoption of this bill and plan of currency issues would at once place everybody on a silver and greenback basis but the Government, and leaves that still helpless to defend itself against the continued raids upon the gold supply.

This leaves the Government to hold the bag, or, in other equally common phrase, perform the part of cat's-paw to relieve the banks from any responsibility for gold redemption, while yet the banks would get away with all the profit in the scheme.

If the Government is to be completely and forever kept in subjugation to the money power this scheme is as good as any—far better than some—but if the Government is to serve the people and provide an adequate volume of coin and its own legal-tender Treasury notes, which are always good for the people, and by this scheme, itself acknowledged to be a safe and perfect redeemer for all bank issues, then let us defeat this bill, suppress all bank circulation, as the founders of the Democratic party insisted upon, and then utilize the advancing thought and progress of financial legislation by issuing full legal-tender Treasury notes in safe and adequate volume, paying out the same by safe and reasonable gradations in the current and ordinary expenses of the Government.

THEN WHAT WILL THE BANKERS DO?

I answer, let them depart in peace to their homes and stay for a time behind their counters and do a proper and legitimate banking business in exchanges, deposits, and loans, the proper functions of banking, and forever hereafter let them keep their hands off from the issue of currency.

It is the nation's place and duty to provide the proper volume of money for the people, and thus regulate its value and protect prices, profits, and prosperity in the industrial avenues of life.

It is the banker's business to deal in money after it is issued or coined, and so serve the people in the business of exchange, deposits, and discounts.

Many of the leading financiers and bankers of both Europe and America have recognized the true sphere of banking and protested against banks issuing paper currency. They know there can be no safe and scientific system of money if competing banks are allowed its issue.

Let me quote you authorities, for I would have you understand that in this, as in every other position I have taken on the money question, I am supported by important historic facts and as great authorities as can be found on other propositions.

In the British commission of 1857 for parliamentary investigation into banking and currency questions there were as great men on that commission and before it to give testimony as the world then knew among financiers.

Gen. A. J. Warner, president of the American Bimetallic League, before the Committee on Banking and Currency, gave such a strong presentation of authorities on this point that I shall quote them from his testimony, on pages 243 and 244 of Report of Hearings, together with his own introductory remarks:

STATEMENT OF MR. A. J. WARNER, OF OHIO, BEFORE THE HOUSE COMMITTEE ON BANKING AND CURRENCY.

Mr. Warner said:

Mr. Chairman and gentlemen of the committee: I can not begin what I have to say in any better way than to read a single sentence from the speech of Sir Robert Peel, when he brought before Parliament the act of 1844. He said: "There is no contract, public or private—no engagement, national or individual, which is unaffected by it. The enterprises of commerce, the profits of trade, the arrangements made in all domestic relations of society, the wages of labor, pecuniary transactions of the highest amounts and of the lowest, the payment of the national debt, the provision for the national expenditure, the command which the coin of the smallest denomination has over the necessities of life, are all affected by the decision to which we may come

on that great question which I am about to submit to the consideration of the committee."

The act which Sir Robert Peel at that time presented to the Parliament of Great Britain was the celebrated act of 1844, the purpose of which was to separate the issue and regulation of currency from the business of banking and to place the control over currency under one single department, to be regulated in accordance with established principles and subject in every particular to strict regulations of law.

Every phase of the question was discussed over and over again. Parliamentary commission after commission was established to consider every proposition presented. First came the celebrated bullion report of 1810, then the report of the secret commission of 1819, then the commission of 1836, that of 1840, and finally of 1857, in which was summed up, in my judgment, the wisdom of the entire discussion, and to the discussion which then took place, so far as I know, nothing really has been added since that time. I believe that the general conclusions then reached have been accepted by all writers of distinction from that day down to this. Of course, they differ somewhat as to the proper methods of regulating the currency, but as to the principles then established I know of no disagreement among competent authorities, either on this side or on the other side of the ocean.

In fact, the principles of currency regulation laid down in the report of 1840 have since been adopted in the main by every civilized nation on the earth, the United States being the only country now, as far as I know, among nations claiming to be enlightened that proposes to reverse the conclusion then arrived at, principles as well established in currency as the law of gravity in physics, and to return to a principle of regulation of currency that has been condemned by every writer of distinction for fifty years, as well as by the experience of every country that has tried it. The principle of regulation, as laid down by Sir Robert Peel on the recommendation of Lord Overstone, was that the currency, in order to maintain its value, must be made to vary, both as to time and amount, as a purely metallic currency would vary; that in no other way could it be kept at the same value as the standard.

In 1874 Germany adopted substantially the same principle with a modification which I think was a very great improvement. Under the act of 1875 of the Reichstag, the Imperial Bank of Germany was established and a unification of the currency undertaken by withdrawing the currency of the several states of the federation and substituting for it the currency of the Empire. By this law the Imperial Bank of Germany is permitted to issue a certain fixed amount of uncovered paper, just as the Bank of England was permitted to continue in circulation a certain fixed amount of notes without security, and so are the country banks, but that amount can not be increased as to the country banks, and only by the Bank of England by absorbing a part of the currency surrendered by the country banks.

The Bank of England is permitted to issue additional currency only upon the deposit in the issue department of coin or bullion for all the notes issued. That is the distinction between notes covered and notes uncovered. The Imperial Bank of Germany may issue notes in time of stress or panic in excess of the uncovered notes, upon condition of paying 5 per cent interest to the State. The purpose of that is to force the retirement of notes as soon as the exigency that called them out is over. For all notes issued beyond a fixed amount specified in the act coin or bullion must be deposited. That principle in the main governs all the countries of Europe.

The Bank of France, it is true, is governed somewhat differently, but it is a state institution with officers appointed by the Government, as is the Bank of Berlin, the chancellor of the exchequer being president of the bank. So that the issue and regulation of currency in all the countries of Europe is now made in accordance with certain fixed principles.

The primary object of the act of 1844, I say, was to separate the banking business from the duty of issuing and regulating currency, creating money, and on that question, after a discussion of fifty years, there was almost no division of opinion in England. The concurrent judgment of nearly everybody was that the business of banking is necessarily distinct and separate from that of currency creation, and that the two can not be blended without doing mischief. On that point I beg to quote from a few of the authorities of that day, and I will not take up much time in doing so, but I am sure it will not be without interest.

"The one great question before the commission of 1857 was whether the right to issue circulating notes should be kept under the control of the Government, or whether the banks or the Bank of England should be permitted to issue notes to circulate as money."

On page 328 of this report Lord Overstone, who, as Samuel Jones Loyd, was one of the most distinguished and successful bankers and writers on the currency question, and, in fact, the real author of the act of 1844, was asked:

"Do you consider the separation of the issue and the banking departments of the Bank of England to be founded upon the principle that the business of issue and the business of banking are in their nature distinct?"

"A. Undoubtedly; it is impossible to entertain any other view of the matter." Further on in his testimony he says: "I certainly think it quite essential that the issue of paper money should be kept entirely separate and distinct from everything connected with the banking business."

Again, on page 328: "The supply of the current coin—that is, the money of the realm—ought to be entirely separated from the banking business, which is simply trading in money, borrowing at a lower rate and lending at a higher rate. * * * Notes and certificates ought to be issued as the money, whether copper, silver, or gold is coined, under strict provisions of law, and by an authority, such as the mint, established by law and subject to strict regulations laid down in that law."

And again: "The sole privilege of coining money, whether copper, silver, gold, or paper, ought to be vested in one institution, established for that exclusive purpose and subject to strict regulations of law; no share of such privilege ought to be conceded in any form to banks or to private individuals." And again, on page 329, he says:

"Perfect freedom of competition should be established in the business of banking, correctly understood, and effectually distinguished from the functions of coinage or from that of issuing paper tokens or representatives of coin—that is, bank notes, which, in fact, is coining under a form peculiarly susceptible of abuse—because the undue issue of paper notes is not restricted by that intrinsic value which effectually regulates the issue of metallic money." Lord Overstone then quotes from Daniel Webster, I think from his subtreasury speech of 1838, as follows: "The circulation of paper tends to displace coin; it may banish it altogether. At this very moment it has banished it." Asking the committee to mark well that fact, he says: "A distinct statement by so great an authority of that as Webster, that the coin of the United States has been banished entirely by paper money, by currency payable to the bearer on demand and issued in obedience to what was deemed to be the wants of the public."

He continues then his quotation from Webster, as follows:

"If others may drive out the coin and fill the country with paper which does not represent coin, of what use is that exclusive power over coins and coinage which is given to Congress by the Constitution? Whatever paper is to circulate as subsidiary coin, or as performing in a greater or less degree the functions of coin, its regulation naturally belongs to the hands which hold the power over coinage. This is an admitted maxim by all writers; it

has been admitted and acted upon on all necessary occasions by our own Government throughout its whole history."

He then quotes Took as saying:

"The privilege of issuing paper money is a delegation of that which is universally considered as a privilege residing in the State."

Mr. George Ward Norman, so long connected with the Bank of England, referring in his testimony before the commission of 1857 to the bank act of 1844, said:

"I conceive the ground of the act to have been that the issue of paper money is a perfectly distinct operation from the ordinary business of banking, and that you can not mix up together the issue of paper money and ordinary banking business without doing mischief."

Again, on the same page, 273, he says:

"I consider bank notes as money, and I think that you do mischief when you place the issue of money in the hands of persons who carry on ordinary banking business. * * * I consider that the issue of money should be regulated by the State, and when the money is issued then that bankers should be allowed to deal with it as they pleased, * * * the principle of competition can not be introduced into the issue of paper money without doing mischief."

Again, on page 276, he says:

"A bank has to deal with the money of the country which exists, but it has properly nothing to do with the issue of money."

Alexander Hamilton said, referring to the old State banks:

"There is now no check to the creation of these money mints; anybody and everybody, with or without character, has a right to enter the field of competition. * * * The superintendence of a power of such immense and vital consequence to the integrity, stability, and permanent interests of the public as that of money making ought not, in the very nature of its operation, to be legislatively lodged in the hands of individuals."

Mr. Henderson. Do you know when he said that?

Mr. WAXSEN. I think in 1830. It was immediately after the panic of 1837.

The value of no man's property, much less that of a community, should be placed at the capricious will of private cupidity and speculation.

I quote again from one of Webster's subtreasury speeches, in which he says:

"Whenever paper is to circulate as subsidiary to coin or as performing in a greater or less degree the functions of coin, its regulation naturally belongs to the hands that held the power over the coinage."

SOME OBJECTIONS TO THE CARLISLE BILL.

Section 1 of the substitute bill which the committee favors carefully leaves the present national-bank acts in force except so much as requires the deposit of United States bonds.

Section 2 states the conditions on which national banks may issue currency under this bill.

Amount to each bank is limited to 75 per cent of its capital. Thirty per cent of amount of circulation must be deposited with the United States Treasurer in United States notes or Treasury notes, thus locking up as against the people, but not as against the banks, the legal-tender paper currency.

Banks that so desire can have their notes on a gold basis by having their notes made payable in gold coin.

Thirty per cent deposit on the 75 per cent for circulation makes the guaranty fund equal to 23½ per cent on the entire capital. So by putting down 23½ per cent the bankers can take up 75 per cent, a gain of 51½ per cent added to their working capital for which they have paid nothing to either the Government or the people.

This is "richness" as a scheme for getting rich.

Worse than this—it is a temptation to the fraud of organizing dummy banks on dummy capital, as the gentleman from Ohio [Mr. JOHNSON] has this day so ably pointed out in his challenge to the advocates of the bill to show why it may not be done.

I not only indorse the position of my friend from Ohio, but would point out to him and to this House that all schemes for issuing bank notes on assets or property of any kind deposited as security in less amount than 100 per cent of the circulation allowed the banks is vicious in principle and permits fraud to the degree of the difference between the deposit and circulation. If, therefore, any plan is proposed that requires a deposit of less than the total amount of the bank notes issued for circulation, then his argument of opportunity for fraud under this bill will apply to all such plans as well as to this one.

But if the deposit of 100 per cent is required for protection against the possibility of fraud, then the banker will not favor such plan, for he may as well loan out the money he deposits, as the amount is the same.

But if the bank syndicate would deposit 100 per cent in Government legal-tender paper money instead of 30 per cent only, as this bill requires, although this would remedy the opportunity for fraud, yet a new question arises.

What reason can be returned to the people who have given us commissions to represent them on this floor if we favor any scheme of banking which simply locks up one kind of paper money, or destroys it, so that an inferior nonlegal-tender paper money may issue in place of the better kind? Can you find in all history of finance a more foolish legislative provision than that?

We can readily see that if you give the banks a chance to put down \$30 in paper money and take up and walk away with \$75 in other paper money that they may use for an indefinite length of time it will help the bankers, but it is not so clear to others than bankers just where the people come in for any benefits. They lose from circulation the better kind of paper money and get the elasticity game worked upon them besides.

It is also well to point out, that owing to the limited amount of the two kinds of paper money to be deposited and the very large amount that may come forward as banking capital to get the ben-

efit of the 80 to 75 per cent exchange, there is very great probability of the older banks and those in the money centers getting a corner on the greenback and Treasury note supply necessary for deposit of organizing banks, and forcing these notes to a premium.

In the bond-deposit system, as at present existing, the banks pay 1 per cent tax or interest and receive 90 per cent in circulating notes.

In this Carlisle bill, on a tax of only one-half per cent per year, they receive back 300 per cent on their deposit investment.

Even this one-half per cent tax per year is not for the benefit of the Government, but it goes into a fund to pay off the debts or notes of failed banks, and it will take 10 years' time in which to accumulate 5 per cent.

NOT FAIR TOWARD THE DEPOSITORS.

Depositors under this and all similar plans are left out in the cold, to say so, in case of failed banks, for both assets and the liabilities of stockholders are practically mortgaged to the note holders, and are not likely to bring the depositor any relief, even though his own deposits may have been used a few days before failure in a scheme to get out circulating notes for loan to some accomplice who, by this trick, can come in ahead of the depositor.

In estimating security for the people we must keep in mind that all of these bank plans provide only for the safety of note holders.

This protects the banks who have the notes and circulation on deposit.

But no security is offered for depositors. The banks offer no safety plan whatever for the people who deposit money with them.

Carlisle says (and correctly) that the deposit of money with a bank is purely a voluntary and private transaction.

I say that the issuance of a nonlegal-tender bank note and the taking of it by any man is also a voluntary matter, the note not being legal tender. But it should not at the whim of a banker be allowed to circulate as money. The Government alone should control the issuance of money and control its volume.

It has been well pointed out by Mr. George Mayer, who has given much attention to this question of the rights of depositors to better security, that from the very lack of security for depositors more banks fail by runs upon them by the unsecured depositors, and more money is kept hoarded away and held out of circulation—

Since 90 per cent of all current business transactions are said to be transacted through banks by means of deposits, we should give more attention to the safety of the depositors. This, by bulk, as well as for other reasons, is five to ten times as important as security for bank notes.

In section 5 of the substitute bill the provision is made for 6 per cent interest on all notes of failed banks not redeemed on presentation to the Treasurer or assistant until thirty days after notice has been given of readiness to pay them, and such notes are a first lien on the safety fund.

As our Western men would say, this is a "pay streak." The rate of interest being so much better than United States 3 per cent or 4 per cent bonds, it will entitle such notes to a good premium over the notes of all other banks.

Section 6 puts the Government into the business of making investments of the safety fund, not for the benefit of the Treasury, but all for the banks. There is nothing in this bill anywhere that gives any benefits or compensation to the Government or the people. It is all for the banks.

Section 10 and forward provides, under certain conditions being complied with, that the State banks may also take out circulation in same proportions to assets and deposits as in the case of the national banks.

Here, then, we have concurrent jurisdiction by the State and the General Government over some points regarding State-bank paper money and separate jurisdiction over other features.

This will give us also two kinds of bank paper at least, and probabilities of complications between State and Federal jurisdiction.

The national-bank circulation to be issued remains apparently legal tender for payment of all taxes to the Federal Government except duties on imports, this provision of the present law remaining as at present. This will make them, by their receivability by the Government for such extensive revenues, so secure that they will have great advantages over all State issues. In same section provision is made for the Secretary to give a sort of certificate of good character to State banks, which may lead the public to be satisfied with State issues.

THE CARLISLE PLAN BETTER THAN THE PRESENT LAW.

I would not feel that I had done complete justice in my treatment of the Carlisle plan of currency legislation after pointing out its many faults if I did not also point out what I believe are its advantages over the present national banking law and the proposed Baltimore plan, which is fairly representative of the preferences of the associated national banks.

To me they are all wrong in principle, as any system must be that permits the issuance of circulating notes and control or inter-

ference of the aggregate volume of money to pass into the hands of banking corporations.

They are all of them more or less founded on the idea that our Government must in all financial legislation keep constantly in view the regulation and issuance of currency in the interest of those who use currency for profit making on loans.

Instead of viewing money principally as an investment or form of property to hire out and loan to our 70,000,000 people for the profit of those who are in general the wealthy classes, the dominant idea ought to be the issuance and regulation of currency in the interest of investors and for the exchanging of all other forms of property so as to render the manufacturing and productive work of our people profitable.

WE SHOULD CREATE MONEY TO MAKE INVESTMENTS PROFITABLE RATHER THAN FOR LOANABLE PURPOSES.

Money for profitable investment in other forms of property rather than money for loans should be uppermost in the mind of Congress.

Money as an instrument for the profitable exercise of the productive energies of our people and the maintenance of equity in settlement of all time contracts is the proper idea, so that money shall be subservient as a means of exchange and payment to the needs of our people engaged in all the varied industries of this advanced and progressive age and country rather than issue and regulate money for the sole profit of money dealers and money loaning.

Money for investment, exchange, and equitable payments means money as a servant, but money issued by and regulated in the sole interest of money dealers means money as master and all other forms of property in subjection.

That party is the party of the people and truly democratic that will take the people's side of this question and issue and control all of our money in the interest of property and the general industries.

If, however, the people must be subject to bank control and bank issuance of the circulating medium, then that system which prevents centralization and monopoly in control of currency is best.

It is precisely in this matter that the Carlisle plan is superior to and better for the people than all the other plans for bank issues. It starts out in an effort to make the centralized power of the present associated banks compromise or yield a part of the profits and control of currency volume to the States and State banking institutions. It introduces a new and strong competitor in the field of banking and note issuance, and one that will, to some degree, permit the people of every State jurisdiction to protect themselves against money contractions in the interests of and by the national bank association. It therefore threatens to break the intolerable monopoly of Wall street in financial matters.

Not only this, it permits people of smaller means to enter the business of issuing their credit notes to circulate as money and become participants of the showers of financial blessings sent forth by the Government for the profit of the banking fraternity, for the restrictions of \$50,000 as the minimum for State banks and the ownership or use of United States bonds for deposit as security for all banks are both left out of the Carlisle plan. So much for the antimoney and free-banking features of the Carlisle plan. But for these reasons the strong and wealthy bankers of Wall street and other allied money centers will sooner or later, as I have believed, sound a note of warning to their cuckoos and "make themselves heard in tones of imperative urgency" against the adoption of the Carlisle plan.

WALL STREET'S IMPERATIVE DEMANDS.

Again, the Carlisle plan does not sufficiently insure the retirement and destruction of all the Government legal-tender money and the issuance of bonds to please the centralized money power.

Hear them through one of their favorite spokesmen, Henry Clews, in the Financial Review of December 22, 1894. In speaking of the Carlisle bill he says:

Among the clauses deemed objectionable is the requirement that the banks of issue shall deposit legal tenders at the Treasury to the amount of 80 per cent of their circulation; which would largely restrict the net earnings from the notes, and so far lessen the inducement for the banks to avail themselves of their privilege of issuing; besides which it might keep a very large amount of legal tenders in existence after the remainder had been retired. * * *

The great and universal objection, however, is that Mr. Carlisle fails to make—

any adequate provision for carrying out the main feature of his plan, the retirement of the five hundred millions of legal-tender notes. He asks for authority to use for that purpose any money in the Treasury not otherwise appropriated, but does not mention authorization to borrow money for these vast liquidations. * * * The men of intelligence and the organizations representing our great commercial and financial interests must make themselves heard in tones of imperative urgency.

So, now, ye Republican jumping jacks operated by a Wall street string, and ye Democratic cuckoos, ever anxious to call out the plausible sophistries of the money power, take warning in time. If you mean still to serve the money lords you would

better begin now to hedge against this bill. If you resist you may hear those "tones of imperative urgency."

Retirement and destruction of all Government legal tender and the authorized issuance of United States bonds are imperatively demanded by Wall street and a lessening of the 30 per cent deposit requisite as a condition for the issuance of notes is very urgently requested, for it "restricts the net earnings from the notes," and remember always that the banks, in the language of a character in the Hoosier Schoolmaster, desire "while they're gittin' to git a plenty," and it ought to be clear to all of their Congressional servants that if they are required to put down actually of their own money \$30 on deposit for every time they loan \$100 in their own circulating notes, they can not make as much off the people as if they were only required to put down \$5 or \$10 for every \$100 taken up and used in loaning.

If now the national-bank interests can secure large additional bond issues and overcome the present premium on bonds, and can obtain 100 per cent on their deposit instead of 90 per cent, as now, and secure repeal of the 1 per cent tax on their circulation they can make more profit, getting interest on capital invested in bonds and at the same time getting interest on same capital loaned out in notes to the people, as anyone can easily see, but we, in behalf of the people, must remember that all the additional profits they thus secure, as compared to the Carlisle plan, are just so much to the disadvantage of the people.

Every dollar of profit to banking corporations on issuance of circulating notes must come out of the people who use that money, and it is that much of a burden on productive industry.

HOLDING TOO MUCH OUTSIDE "RESERVES" IN NEW YORK.

There is one feature of the present banking system that is generally overlooked, and yet of more importance than gentlemen usually suppose. I refer to the provisions of the law favoring reserve cities, and especially New York. Banks in other cities are allowed to keep part of their reserves in New York on deposit, subject to check, and yet count it in their legal reserves. This results in vast accumulations of outside money in New York, and tempts the banks in that city to loan a large part of it at any rate of interest they can get. This increasing of the supply in New York tending at the same time to decrease it elsewhere makes it impossible to obtain money in other places at such low rates as in New York.

On the evidence of more than one banker before the Committee on Banking and Currency recently it was shown that interest for the last year on call loans and short notice loans has been from 1 to 1½ per cent per annum.

How can business men and industries in other parts of the country, where they must pay from four to eight times as much for money, compete successfully with business in New York?

This special favoritism for New York in the law ought, in fair play, to be repealed. It would result in a wider and better diffusion of whatever volume of currency may exist.

BANKING IS SUFFICIENTLY PROFITABLE WITHOUT ISSUE PRIVILEGES.

Mr. Chairman, remembering what great advantages the associate banks in the money centers have already, and how little they have in common with banking in the interior and on the frontier, I hold that we can not, for these reasons, follow their ideas and advice on financial matters, even if their desire for selfish advantage were not to be considered.

And I would say, too, that the business of banking independent of issuing notes for circulation is already sufficiently profitable, and especially in New York, from which city so much financial wisdom has been poured out upon Congress from time to time for many years.

Let me introduce the testimony of Mr. George G. Williams, president of the Chemical National Bank, New York, one of the greatest banks in the country (page 308 and 309 of Hearings, Dec. 15, 1894):

Mr. WARNER. So that the capital of your bank now represents how many millions of dollars?

Mr. WILLIAMS. Our capital is \$300,000 and our surplus is about \$7,000,000.

Mr. WARNER. Your stock is worth about \$1,300 a share?

Mr. WILLIAMS. Yes, sir; it sells for that. It sells for more than it is worth.

Mr. WARNER. Forty-three times as much as its par. What is the amount of your bond deposit?

Mr. WILLIAMS. The Chemical Bank has never taken out any circulation whatever. Our bond deposit is \$50,000; but we have never circulated any notes.

Mr. WARNER. What is the reason, may I ask, that you have not taken out circulation?

Mr. WILLIAMS. We were under the State-bank system, and issued circulating notes up to the breaking out of the war, and at that time we had about \$300,000 of notes in circulation, and we redeemed every one of them in gold—and we did not care, as a matter of pride, and a little profit in it, too; but we did not care, as a matter of pride, to issue notes which could not be redeemed in gold.

The CHAIRMAN. Mr. Williams, some members of the committee desire to understand exactly the condition of your bank. What did you state the capital was?

Mr. WILLIAMS. Three hundred thousand dollars.

The CHAIRMAN. And the surplus?

Mr. WILLIAMS. The surplus and undivided profits are about \$7,000,000. The surplus is \$6,000,000 and the undivided profits a little over a million dollars, making a little over \$7,000,000 of surplus and undivided profits.

The CHAIRMAN. And how much deposits?

Mr. WILLIAMS. Thirty million dollars.

The CHAIRMAN. What dividend do you pay per annum on your stock?

Mr. WILLIAMS. We pay now 150 per cent per annum.

The CHAIRMAN. You stated the dividend last year was 150 per cent.

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. What were the undivided profits of that year?

Mr. WILLIAMS. Well, I have not it in mind; but owing to the panic our profits last year were not as large as usual. Usually we expect to add to our surplus 100 per cent besides the dividend we pay of 150 per cent.

The CHAIRMAN. That is \$300,000 a year?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. And a dividend of 150 per cent besides?

Mr. WILLIAMS. Yes, sir.

We see, then, that without circulation banking is sufficiently profitable. Here a great bank of New York is testifying that its stock is selling at 4,200 per cent above par, and we see that in a few years, on a capital of \$300,000, besides paying enormous amounts in dividends, it has accumulated a surplus of about twenty-four times its capital. And this bank does not take out circulating notes. How long will it take 4,000 to 6,000 banks like this to eat up the wealth of America?

BRIEF INVENTORY OF CARLISLE PLAN.

We have seen how fast even the present system of banks is devouring the substance of the people. Let us make no further concessions of any kind.

The measure before us, however, together with the substitute that the committee propose to offer, are already practically dead.

SIBLEY's appeal, TOM JOHNSON's thrusts, and BLAND's exposé—the work of these honorable gentlemen to-day has been too much for the survival of the bill under discussion.

Let us, however, make a brief inventory:

Democratic doctrine is not in it.

The people's interests are endangered by it.

Equity of payment is endangered by it.

Party exigencies are against it.

Drainage of gold is not stopped by it.

Cancellation of greenbacks (the desire of banks) is not compulsory in it.

Locking up of greenbacks is made certain by it.

Rights of depositors are endangered by it.

The needful supply of legal tenders is taken from the people by it.

Government receivability of national-bank notes is retained in it.

This receivability of State-bank notes is not in it.

Double jurisdiction over note issues is found in it.

Two kinds of money are added to our present complexity by it. Power of banks over prices, profits, and prosperity is in it. It threatens first undue expansion; then final collapse. It makes no provision for free coinage or true currency reform.

Let us hope that it is dead, and that all other plans for the extension of power over our currency shall die with it.

THE COINAGE COMMITTEE QUORUM BROKEN BY THE GOLD POWER.

Although our Committee on Coinage was organized with so small a margin and majority in favor of free coinage, only 1 majority, and that 1 doubtful, and the money power has been able thereby to prevent the free-coinage men on our committee from securing a quorum with which to present a free-coinage measure to this House, yet we believe the country is with us for free coinage, and even a majority of this House, if we can get the bank and gold schemes out of the way. The money power do not hesitate to hold their portion of our committee absent to prevent silver legislation. We claim the country ought to know this fact.

MONEY AND PRICE—AS ONE GOES UP THE OTHER COMES DOWN.

The plainest possible terms would seem most necessary to simplify the money question, although in using some of them in application to money I will meet prejudices and be misunderstood by some and misconstrued by others. I refer especially to the word cheapness when applied to money and the dollars or units of money.

It is difficult owing to long-standing prejudices, fostered purposely by the self-ordained priesthood of the money dealers, for people to understand that money derives its value through its power and rate of exchange for other goods, and so its value is in its exchangeability for other things on the same general principle that wheat, shoes, cloth, or anything else has value, and so money value is relative to its supply and may be cheap or dear in the same sense that other things are cheap or dear, and so again it measures all other property on the same general principle that the general range of prices on other things measures the value of money.

There is this peculiarity, however, regarding money, that it is a universal solvent for all other things, and is, therefore, in universal demand, while other things are only partially so, hence we

find the value of money is almost wholly regulated by its supply, for its demand is universal, while other things are regulated or modified in value by both supply and demand. Hence again we find that the volume or supply is the chiefest element in regulating value of money since the demand is universal, while both supply and demand must be equally and constantly considered in estimating the value of other single kinds of property, and owing to the variations in supply or demand for special kinds or lines of goods we must take the general range of prices on the staples or more generally used articles for a basis on which to test and discover the value of monetary units such as dollars.

The value of dollars or monetary units will be found remaining constant or uniform, therefore, if we find the general range of prices are constant; that is, prices neither going up or down. This should be the condition to maintain—by Congress if we would maintain equity—uniformity of general prices which shows with unerring certainty uniformity or constancy in the value of money.

If, however, money becomes dear or high, then the general range of prices becomes lower or cheaper, but if money becomes plentiful and cheap, then prices, moving always in the opposite direction, become higher. So, then, we must conclude from the very nature of the case that the general range of prices of commodities measures the value of money as certainly and on the same principle that money measures the values or prices of commodities. One is the standard of the other, and the movement of one is always in exact but reverse movement of the other, so that as one goes up the other always goes down.

MONEY AND PROPERTY PRICES ACT AS A LEVER.

To illustrate this reverse action of depreciating or appreciating money on prices I have called into play the action of a lever as an illustration with money on one end, property to be priced or valued in money on the other, and the fulcrum between representing constancy and stability.

There ought to be maintained a level or equilibrium between money on one end of the lever and price on the other.

One thing is certain, however, that if one end, say the money end, of the lever goes up the property end or price must go down, and vice versa.

If there is variation, however, in either end you can certainly know that the other end is moving in the opposite direction.

As dollars go up—are appreciated—their purchasing power increased—property goes down, prices go down, and profits are lost.

On the other hand, if money comes down, depreciates, becomes cheaper, it is equally certain that the general range of prices on property appreciates, increases, becomes higher.

So money and property are pitted against each other. Money on one end of the lever, and price, or valuation of property, on the other.

It is the work and duty of the people to produce property, but of the Government to produce or furnish money in proper and sufficient volume to maintain prices for the people, to keep their property at a true level. Bankers want to appreciate their end of the lever—that is, the money end.

The people must remember that as they are the workers and producers and holders of property they are all on the property and price end of the lever, and their interests suffer, their prices go down, and values shrink, and profits to them are destroyed if they allow the money dealers to manipulate the Government and secure a lifting of their end of the lever, increasing the purchasing power of money.

INTERESTS AND METHODS OF MONEY DEALERS ANTAGONISTIC TO PRODUCTIVE ENTERPRISE.

From this clear and exact illustration of the relation of money to price we desire also to expose another fallacy and false phrase of the monetary syndicate.

They are forever prating about their interests being identical with the industrial interests. They are not, but are exactly opposite to the interests of the producing classes when they appreciate money, for to appreciate or raise the purchasing power of money is to depreciate all other property by lowering prices, and this destroys also the profits that equitably belong to the producing classes. They thus pit themselves against the people.

Another assumption of theirs equally false is that they represent the business interests of the country. They do not. The property and producing side of the lever is the side of business and industry, and the Government alone should regulate the other end of the lever, and that in the direction of supplying money for circulation and keeping volume, and therefore prices, both at a proper level and protect the business and the debtor classes against ruinous appreciation of money.

To turn over to bankers the privilege of supplying the money of circulation and controlling to any degree its volume, the privilege of changing up or down, as may suit their interests, the money end of the lever, and so holding power over the prices, profits, property, and prosperity of all the people, is to give them the power that belongs to sovereign government alone.

With this power to supply the currency and control its volume they can devour the surplus and encroach rapidly upon the wealth already held by the people, as they have been so rapidly doing for twenty-five years.

They prate about elasticity of bank currency; but it is contraction and expansion, sudden and without warning, and in the interests of the banks, who work the india-rubber scheme, and always to the disadvantage of the rest of the people, and to the ruin of one generation of debtors after another.

They talk about maintaining public confidence; but instead of playing a fair game they demand as a condition that they shall hold all the trump cards and thus keep the people on the other side entirely at their mercy.

They talk about honest and best dollars; by which they mean the highest purchasing-power dollars, which kind is a cheat and a robbery of all who labor or sell anything at the ruinously low prices necessary to obtain the high gold-standard dollars. They are thus blocking the wheels of industry and forcing debtors to bankruptcy or crime. What chance have the people if banks control the volume of money?

THE PRODUCING CLASSES HAVE LOST \$10,000,000,000 OR MORE BY THE APPRECIATION OF MONEY.

It is safe to say that if the same tact and energy had been used during the last twenty-five years by Congress to appreciate property and the prices, that is to say, the general range of prices thereon, that has been used to appreciate money and advance the interests and profits of the money dealers, the producing classes in this country would have been worth at least ten thousand million dollars more than they are to-day. A truer estimate would be that their wealth and holdings would be twenty thousand millions more than it is to-day. The agricultural classes alone would hold ten thousand million dollars more wealth than now.

But this would have required an appreciation or at least the maintenance of price and property values and a protection of profits instead of an appreciation of money and legislation constantly in the direction of securing greater advantages and profits to the creditor classes.

This at least would have required a protection against depreciation of prices.

For, let it never be forgotten, that the appreciation of either prices or money is the depreciation of the other—as money goes up prices come down, and as prices go up money comes down. The law is invariable, and the appreciation or depreciation of either prices or dollars is dependent on the relative volume of currency in circulation.

THE DISHONEST DOLLAR.

Let us be plain about the matter and say what all competent judges know, but what few dare to say, that to have better prices we must have cheaper money, cheaper dollars, dollars of less purchasing power.

But is not a cheaper dollar a dishonest dollar?

No, not necessarily.

There is no dishonesty in keeping the country well supplied with reasonably cheap dollars.

The very fact that there will be a good supply of dollars in circulation is a guaranty that they will be reasonably cheap and that prices consequently will be reasonably good.

Dollars that are not reasonably cheap, making prices reasonably good, are dishonest or unfair dollars, unfair and unjust to nineteen-twentieths of our people who are dependent upon exchanging products, property or labor, for dollars, and the whole question of honesty is involved in the question of rates or prices at which they must exchange what they have to obtain dollars.

High value or appreciated dollars produce low and depreciated prices on all other forms of property and labor, and this robs producers, and especially robs those who have debts and fixed amounts and taxes to pay.

Dollars, then, have been dishonest ever since they began to appreciate under the policies of the money dealers, who have controlled financial legislation for twenty-five years.

The honesty of dollars, therefore, must be determined by looking at the general range of prices.

Are prices too low? Then money is too high and dishonest.

Are prices good and running at a fair level and profitable to producers? Then the dollars in circulation are honest and reasonably cheap in relation to prices or exchange for property. When prices are honest and fair to the debtors and producers, then money is honest and fair.

Are prices abnormally high so that you, in the old phrase, get a hat full of dollars for a pair of boots, or barrel of pork, or a few bushels of wheat, then money or dollars must be unreasonably cheap, and therefore dishonest again and unfair toward the creditor.

The whole question of the honesty of the dollars in general circulation is dependent upon the question of general prices, for one is always a true index of the other.

To look at the material of which the dollars are composed with

the idea that the value of the material in the dollar as a commodity is the essential basis upon which to measure the value or honesty of the dollar for monetary uses is a childish delusion and results from ignorance of the nature and function of money, which is an instrument of exchange and should be a constant support of prices and measure of values in the payment of debt.

THE MAINTENANCE OF HONEST PRICES SHOWS HONEST DOLLARS.

Look to prices, then, to estimate the value and honesty of dollars.

Is the farmer getting \$1.25 per bushel for his wheat and 16 cents per pound for his cotton as examples of the general range of prices necessarily consequent upon the volume of currency circulating and regulating the prices and payment of debts as the nation came out the great struggle for the maintenance of its existence?

Then these are honest prices brought about, not by selfish schemes of farmers, manufacturers, and producers generally, but by the patriotic action and highest and best motives of the truest friends of the people and their Government. Remember that the whole country had adjusted its business, both its debits and credits and its varied industries and commercial conduct, to the volume of currency and range of prices then existing.

This, the established volume of currency and range of prices following the war, was honest money and honest prices. These two always go together.

Equity demanded the maintenance of these prices, and maintenance of prices demanded the maintenance of a proper volume of currency.

This currency, to maintain these general post bellum prices, as from 1865 to 1893, should have expanded in volume to correspond with the expansion and extension of the volume of business and population. If this had been done prices would have been upheld and the equities of contract between debtors and creditors would have been maintained. This maintenance of equity and protection of the interests and prices of the producing and true business world should have been vigilantly and thoroughly done by the Government. This is the true province of government.

But contraction and demonetization policies have been followed instead, and so now the farmer to pay a hundred-dollar debt or a hundred dollars in taxes, must produce and sell 200 bushels of wheat to pay the debt instead of 80 or 100 bushels. This more than doubles the burden of payment upon him. The same great loss comes upon all producers in their efforts to obtain dollars in the general fall of prices consequent upon the raise in the purchasing power of the dollars.

But the creditor gains what the producer loses. He gets 200 bushels or the value of it where the value of 80 bushels only was due him.

The general fall of prices, which means the appreciation of money, has caused a loss of about one-half on price and a doubling of the value of money to the very great advantage of the creditor classes.

This wrong upon the people is greater than generally supposed.

That it has not been forced upon them all at once but has been by gradual process of depreciating the money scattering the losses and disturbances over a period of twenty-five years has not in any manner lessened the injustice of it, but it has been borne by the people with a degree of patience and submission that could not have been otherwise obtained.

I am not sure but this generation would be better off if the change had come all at once instead of by slow gradations.

The boy who undertook to shorten his dog's tail by cutting off an inch at a time may have secured one point by getting his dog hardened to the process; but I am not sure but what the dog would have been as well off if the tail had been all cut off at once.

LOSSES ON NATIONAL DEBT BY APPRECIATION OF MONEY.

The great losses to the people on their general business for the last twenty-five years can be perhaps illustrated by noticing the losses to the Government on the national debt by the same processes; but we must remember that the national debt only represents about one-eighth to one-tenth the entire volume of the people's indebtedness upon which their losses have occurred.

Remembering that the people in general produce and sell commodities as a means to obtain the money necessary to pay debts, I call your attention to the following ascertained facts which, for present use, I derive chiefly from the speech of Senator JONES, in the United States Senate, October 23, 1893, page 267 of his published speeches:

United States bonds sold, 1862-1868, nominal value, \$2,049,975,700. The Government received for these only \$1,400,000,000. The average rate received was 67 per cent of par value. These were payable when due in lawful money, interest in coin. The Government has paid back on principal \$1,756,000,000; there has been paid in interest on them \$2,538,000,000; paid in premiums on bonds bought \$38,000,000; total amount paid (three times the amount received) \$4,332,000,000.

The value of money is its purchasing power, and this to maintain equity ought to maintain uniform prices.

The purchasing power received from bondholders in wheat was 1,007,000,000 bushels. If equity had been maintained we ought to be able to pay the debt principal with the price of same

amount of wheat, but by appreciation or increase of the purchasing power of the dollar lowering the prices of commodities we find we have paid on principal 1,986,000,000 bushels; an interest, 2,974,000,000 bushels; in premiums, 62,000,000 bushels; total paid, 5,022,000,000 bushels.

This is paying five times as much in equity as originally received. If estimated in cotton we would have paid 94,690,000 bales, whereas we received on the then cotton prices 14,184,000 bales, or less than one-sixth as much as has been paid back to them, and yet to pay the remainder to-day will require as much wheat or cotton as would have paid off the entire net amount received of them at the close of the war.

It is no sufficient reply to say that those were "war prices," for they were also "war values" of dollars, and both dollars and prices were the same to all, whether bondholders or bond payers.

Now, figured in the general range of prices on commodities, the results are substantially the same, as illustrated in the two great staples of wheat and cotton.

How much, then, have been the losses already accrued by increasing the value of dollars and lowering prices? Estimating that the interest paid doubles the amount of principal on payments so far made, the people have lost not less than \$3,000,000,000 on the national debt, and they have lost not less than five times as much, or \$15,000,000,000, on all other kinds of debts. No other age or nation ever suffered such robbery. Shall we, then, vote to allow these extortions to continue?

Shall we, in presence of this grievous wrong,
In this supremest moment of all time,
Stand trembling, cowering, when with one bold stroke
These groaning millions might be ever free?—
And that one stroke so just, so greatly good,
So level with the happiness of man
That all the angels will applaud the deed.

Mr. HAINER of Nebraska. If the gentleman will pardon a further interruption, I desire to submit for his consideration, conceding his argument to be sound, that with an increased circulation we have a consequent and proportionately higher price; with higher prices a consequent and proportionately greater prosperity, and that the Government has the power to increase this circulation by an issue of paper money in such quantities as Congress desires or deems conducive to the prosperity of the people; then why place a limit on such issue? Why not have unlimited issues of paper money and thus usher in a millennium of prosperity?

As I know my friend would not seriously propose a Utopian scheme, but wishes to be practical, will he not admit that paper money is simply and in the last analysis the obligation—debt—of the Government, which must at some time be either paid or repudiated, and when we authorize the issue of paper money we thereby mortgage the future revenues of the Government? The seeming prosperity attending the issue of even a limited amount is that of the mortgagor who has just made a loan, is spending the proceeds, and has not yet been called upon to pay.

Mr. COFFEEN of Wyoming. I am pleased to find such interest in my discussion of the currency question and do not object to the interruption of my friend from Nebraska.

The question submitted, briefly stated, is:

First. Why not have unlimited issue of currency if expansion brings prosperity?

Second. Is not paper money issued by the Government in the form of debt which must be paid or repudiated?

Third. Is not the prosperity secured by better prices if occasioned by Government issue of currency notes like the prosperity of one spending borrowed money, which prosperity will be reversed when pay day comes?

These are questions arising sometimes out of the failure to comprehend the true nature of money and the Government's relation to it.

As to the first, why not issue an unlimited amount of Government paper if more money brings more prosperity?

A short yet incomplete answer would be by contrasting the Government's condition with that of a hungry or sick man and to say, If a man is hungry and needs more food, why not stuff him with an unlimited amount of food? The case is similar.

If a man is weak and emaciated for want of blood in sufficient quantity to revive him, why not furnish him an unlimited quantity of blood?

A proper amount of food is useful and a proper amount of blood to circulate through the body is necessary to health and prosperity.

If prices are too low and people unable to pay their debts and make any profit on their labor and produce and workers are idle for want of employment and more money will cure the evil and raise prices and employ labor, then, some say why not issue too much money and give the patient an overdose of the remedy?

MONEY IS THE LIFE-BLOOD OF THE NATION.

The need of a proper supply of money to circulate through the body politic, or the organized nation, is like the need of food or blood for the human body.

Money is an instrumentality to facilitate exchange among the

people so necessary to their existence in civilized life, and also to maintain prices at an equitable standard so as to enable all the industrial interests and people of the nation a fair opportunity to calculate safely on the values or prices of their future crops, products, and manufactures in relation to all kinds of obligations, debts, profits, and employment of themselves and others, as well as the employment of their acquired property resources.

If prices are properly sustained, and this depends, as my friend, at least for the present, has admitted, on the proper amount of money in circulation, then prosperity can and will ensue in all commercial and manufacturing affairs. Not only can all debtors get dollars in exchange at fair prices for their labor and products with which to pay debts and interests and taxes, but also all men, in whatever productive or manufacturing enterprises they may engage, can safely count on the profits that ought to obtain in the future if prices are maintained.

If prices and the money which sustain prices remain at a fair and equitable standard their investments in property and labor in general will be profitable.

But while there are debtors there are creditors. While there are sellers of goods there are buyers. While there are calculations for a reasonable profit there are calculations and a reliance against unreasonable profits and prices on the part of those whose forms of wealth and resource are fixed and, so to say, not productive of anything that would get a compensating benefit from higher prices.

Now, if I have made this sufficiently plain, my friend will at once see and agree with me that money value, and price or property value, which represent the two ends of a swinging lever, ought to be kept at a fair level, so that neither end of the lever goes so high as to sink the other into ruin and injustice.

The question of money volume is a question of justice, but so, too, is the question of prices. I have already shown how property values swing against money values as on a lever.

The prosperity that we want is one where justice prevails and equity between the money dealers and property producers, or wealth producers, is maintained.

In the face of this idea of prosperity for the whole and all classes, founded upon justice to all, how can my friend insist that an unlimited issue of money would, by raising prices constantly higher when counted in that overissue, be conducive to prosperity?

The true function of money is to maintain equity as well as to facilitate exchange of commodities, and equity protests against too great expansion on the one hand as against too great contraction on the other.

MONEY TO MAINTAIN EQUITY AS WELL AS TO EXCHANGE COMMODITIES.

We can destroy equity and the proper function of money, let my friend remember, as easily by contraction as by expansion. It is as great a wrong for prices to fall too low as it is to raise them too high; and, indeed, when you consider how many are interested on the property side and their needs in contrast with the few and the rich on the money side of the lever, if we depart from a proper level at all it ought to be by expanding the volume of money and raising the value of property and products instead of contracting the money and lowering the prices of all products and property.

Do you ask me what is the proper volume and the proper level between money and price? I have already gone over that subject, but will say in passing that the \$30,000,000,000 of debts of our people, that on present low prices of property requires twice as much labor and products of labor to pay as it required in the period and conditions out of which these debts and renewals have arisen—that is, the period following the civil war, in which money was abundant—demands of us, in the interest of equity and fair play, that we again double our money volume by fair yet sure gradations, so that prices shall again be restored to the old level from which they have been cast down by the schemes of contraction and demonetization. By breaking down equity we have broken down prosperity.

If the volume of business transactions and exchanges requiring the use of and counting in money is fourfold what it was at the close of the war, and I believe it is fully that, then we need not two times but four times the volume of money we had in general circulation.

CURRENCY IS ESSENTIALLY TRANSFERABLE DEBT

On the second question—is not the paper money issued by the Government in the form of a debt?—let me answer yes.

All currency is debt or in the nature of a certificate of indebtedness, and is carried or circulated or held by us as representing something sold or services rendered when it was received, for which property or service compensation is not yet made, but remains in suspense until we pass the currency or money to some other person for property or service that we receive from them.

When we buy some other person's property or service or pay it out to others for value received then we get pay for the services

or property we parted with when we first received that money. From the time we receive the money until we part with it we carry it as an evidence of property sold or service rendered, and it is therefore and in this sense in the form and nature of a debt. When it passes to another in exchange for his service or property the debt is transferred to him and is evidence in the case of money or currency that the society or the Government owes him so many dollars. When he passes it or transfers it to the next one the debt is again transferred. So we may say currency, money, all money is in the nature of transferable debt. *Money is transferable debt*, and do not be startled if you find that all money, whether coin or papers is transferable debt. The only exception is that when one takes a coin and uses the material in it as a commodity as in making something useful out of it besides money, then in that case he has accepted the material as pay for the debt, and the coin in consequence ceases to be money.

So teaches MacLeod, the great English economist, in his *Economic Philosophy*, and so teach many other profound writers as to this question.

On page 188 of volume 1 he says:

We may therefore lay down as our fundamental conception that currency and transferable debt are convertible terms; whatever represents transferable debt of any sort is currency; and whatever material the currency may consist of it represents transferable debt and nothing else.

In volume 2, page 365, MacLeod again says:

We shall find that by starting from our fundamental definition of currency as transferable debt and that the value of the currency depends upon the quantity of the transferable debt which it represents, the fallacy of this theory (that of issuing on "good bills") can be demonstrated with great ease.

In his attack on what he calls Lawism, after quoting from John Law, MacLeod says, page 346, volume 2:

In this sentence is concentrated the whole essence of that eternal delusion which we designate Lawism. It is, indeed, nothing but the stupendous fallacy that money represents commodities. * * * No man who does not thoroughly understand the great fundamental doctrine established by Turgot and others, that money does not represent commodities, can ever have sound ideas on this subject. Money does not represent commodities at all, but only debt or services due which have not yet received their equivalent in commodities.

So Aristotle taught in ancient days (*Economic Phil.*, volume 1, page 191):

But with regard to a future exchange (if we want nothing at present, that it may take place when we do want something), money is our security.

So Adam Smith, in *Wealth of Nations*, says:

A guinea may be considered as a bill for a certain quantity of necessities and conveniences upon all the tradesmen in the neighborhood.

Baudeau, the economist, is quoted by MacLeod as saying, page 191, volume 1:

This coined money in circulation is nothing, as I have said elsewhere, but effective titles on the general mass of useful and agreeable enjoyments.

Mr. Henry Thornton says:

Money of every kind is an order for goods.

Again MacLeod says, after quoting other authorities to show that money represents debt, page 195, volume 1:

So that when a person receives an obligation expressed in metallic currency, he is able to command the services, not only of the original debtor, but also those of the whole industrial community. There is clearly, then, no difference in principle between a metallic and a paper currency.

HOW DOES THE GOVERNMENT PAY ITS NOTES?

On the third question, when the Government issues even a limited amount of its own notes, will it not be like a mortgagor who borrows money to spend that must afterwards be paid?

Yes, in some slight degree. But the repayment by the Government is chiefly in receiving the notes circulating back again in taxes, customs, excises, and so on, in exchange for what the Government has done and is doing in behalf of its own people.

There is no mortgage about it, but there is an exchange of services, with the notes of the Government circulating in the intervening time, the Government redeeming its currency notes by receiving them back.

And still more, the note is being redeemed every day, when it passes among the people, being a legal tender and competent unit of account in all monetary transactions among the people.

But it is the duty of the Government to both issue an adequate supply of currency and by reissuing and making all of it legal tender keep it out in circulation.

The people need this currency, and, since they are in an organized form the Government also, it is practically the people providing themselves with a proper currency and agreeing that they will circulate it also among themselves.

VALUE IS NOT INTRINSIC IN ANYTHING.

Many, especially many advocates of bank interests, still cling to the idea that the money of ultimate redemption, as they call it, must have and does have intrinsic value. This arises from a misunderstanding of the nature of value. For anything to have value it must be exchangeable for something else of value with which it is compared.

If you say to me that any certain thing has value, you are giving me but one side of the comparison or equation. I will reply

by asking value in what or what value, and your answer will complete the equation or comparison.

Thus, if you say this horse is value, I ask value in what? You may say in cattle, and equal to three cattle, or you may say in dollars, and is equal to or valued at \$100.

To say that a thing has value in itself or *per se* is an error, and it is as useless as to say that a number is equal or has equality without giving us the other term of the comparison.

If you say 15 is equal to 3 times 5 we understand it.

If you say a certain house is distant one mile, you should also give us the term of comparison by saying, for instance, one mile from the bridge.

So value of anything always implies comparison with something else outside of itself, and so value is by comparison or extrinsic.

Value is not intrinsic.

Qualities or properties of things are intrinsic, as brittleness for glass, malleability for gold, and so on, but value is not intrinsic. It is founded on exchangeability for other things and on demand and supply, and is measured by its power in exchange for other things.

On this definition of value, which we shall find applies to dollars and all other denominations of money as well as to all that money can buy, we have thus tried to comprehend the truth or statement that value is extrinsic and not intrinsic in anything.

Now, for authorities, for some attach more value to authorities than they do to the reasonableness of any proposition; and again, quoting authorities is a convenient way of showing even the reasonableness of our propositions in other ways of stating them.

Professor Jevons says in his work on Political Economy:

Value in exchange expresses nothing but a ratio, and the term should not be used in any other sense. To speak simply of the value of an ounce of gold is as absurd as to speak of the ratio of the number 17. What is the ratio of the number 17? The question admits no answer, for there must be another number named in order to make a ratio.—*The Theory of Political Economy*, page 83.

John Stuart Mill, in defining "value," says, touching question of exchange:

The word "value," when used without adjunct, always means, in political economy, value in exchange.—*Political Economy*, Book 3, chapter 1.

And so, too, Prof. Francis A. Walker says:

Value is not a property of anything. It arises wholly out of relations which exist between things.—*Money in its Relations to Trade and Industry*, page 32.

Prof. A. L. Perry, in his work on Political Economy, speaking of value, says:

Value, then, is not a quality of single things, belonging to them as if by nature, as hardness is a quality of a rock or gravity is an attribute of gold; because all physical qualities in physical things, all that which makes or helps to make anything such as it is, may be learned by a study of the things themselves, by themselves. The questioning of the senses, however minute, the test of the laboratory, however delicate, can never determine how much anything is worth, because that always implies a comparison between two things or more strictly a comparison between two renderings in exchange. Value is not an attribute of single things; not even if the things be physical and tangible.—*Principles of Political Economy*, page 34.

Senator JOHN P. JONES says:

Numberless citations could be made from writers of the first rank to prove that value is not a property residing in any object, and that therefore it can not by any possibility be "intrinsic."

A correct definition of value I conceive to be: Human estimation placed upon desirable objects whose quantity is limited.

If value were intrinsic, if it resided in the article, it could not be taken from it, and it could not be changed by changes in the number of the objects of which value is asserted, or with modifications in the desire of men to become possessed of such articles. Qualities that are inherent do not vary with the shifting degrees of estimation in which they may be held by mankind.

DEFINITION OF VALUE.

Aristotle said: Now the term "value" is used in reference to external goods. (*Ethics IV, C 3, Nicomachs*):

The value of a thing is what it can be sold for.

MacLeod says (volume 1, page 185):

We have, then, this definition: The value of any economic quantity is any other economic quantity for which it can be exchanged.

If we are told that an object is distant, or equal, we immediately ask, distant from what or equal to what? So it is equally clear that a single object can not have value. If we hear of an object having value we must always inquire, value in what? And it is clear that as it is absurd to speak of a single object having absolute or intrinsic distance or being an absolute or intrinsic equality, so it is equally absurd to speak of absolute or intrinsic value. And as no single body can be a standard of distance or equality, so no single object can possibly be a standard of value.

Value necessarily requires the concurrence of two minds.

There is no such thing as absolute value or universal value.

Let me quote further from those whose opinions carry great weight. In MacLeod's *Elements of Economics*, on page 231 of first volume, we find:

This unhappy phrase "intrinsic value" meets us at every turn in economics; and yet the slightest reflection will show that to define value to be something external to a thing, and then to be constantly speaking of intrinsic value, are self-contradictory and inconsistent ideas. And it came to be held that labor is necessary to and is the cause of all value.

On page 232 the following occurs:

The expression "intrinsic value" is so common that persons are apt to overlook its incongruity of ideas; it is, however, a plain contradiction in terms, and if we use words of similar import whose meaning has not been so corrupted, its absurdity will be apparent at once. Thus, who ever heard of intrinsic distance, or of an intrinsic ratio? The absurdity of these expressions is apparent at once, but they are in no way more absurd than intrinsic value. If we speak of the intrinsic value of money, we may just as well speak of the intrinsic distance of St. Paul's, or the intrinsic ratio of five. To say that money has intrinsic value because it is material and the produce of labor, and that a bank note or bill of exchange is only the representative of value, is just as absurd as to say that a wooden yard measure is intrinsic distance, and that the space between two points a yard apart is the representative of distance.

On page 235 of the same book we find the following:

That unfortunate confusion of ideas between the value of a commodity being the quantity of another commodity it will purchase, and the quantity of labor embodied, as it were, in the commodity itself, which is chiefly owing to Smith and adopted by Ricardo, has not only led to that mischievous expression "intrinsic value," the source of endless confusion in economics, but also to the search for something which very slight reflection would have shown to be impossible, namely, an invariable standard of value.

And also from pages 230 and 231 of the same, the following:

There is nothing which troubles this controversy more than for want of distinguishing between value and virtue.

Value is only the price of things, and that can never be certain, because it must be there at all times and in all places of the same value; therefore nothing can have intrinsic value.

But things have an intrinsic virtue in themselves, which in all places have the same virtue—the loadstone to attract iron, and the several qualities that belong to herbs and drugs, some purgative, some diuretic, etc. But these things, though they may have great virtue, may be of small value or no price, according to the place where they are plenty or scarce; as the red nettle, though it be of excellent virtue to stop bleeding, yet here it is a weed of no value from its plenty. And so are spices and drugs in their own native soil of no value but as common shrubs and weeds, but with us of great value, and yet in both places of the same excellent intrinsic virtue.

Senator JONES, in addition to what I have already quoted from him, says of this "intrinsic-value" fallacy:

Like the pillars which were believed to support the earth, this intrinsic value, whether of gold or silver, is purely imaginary. Notwithstanding the rejection of the theory by all well-informed economists, it continues to be a refuge for ignorance and sciolism.

In the whole history of time there has been no error in any department of thought that, in the degree of contribution to the martyrdom of man, can compare with this notion of "intrinsic value." Fully refuted and rejected by science, the theory had well nigh disappeared from economic literature until the discovery was made that the hold which, like a blighting superstition, it had obtained on the ignorance of men could be utilized to discredit silver and to plume the single gold standard. Immediately the teachings of science are set at naught, and "intrinsic value" is declared to be the determinative factor in the discussion.

I wholly deny the existence of intrinsic value, whether in gold or any other object.

Professor Jevons, in his work *The Mechanism of Exchange*, says:

Value, like utility, is no intrinsic quality of a thing; it is an extrinsic accident or relation.

The same author, in his work upon *Political Economy*, says:

Value implies, in fact, a relation; but if so, it can not possibly be some other thing. A student of economy has no hope of ever being clear and correct in his ideas of the science if he thinks of value as at all a thing or object, or even as anything which lies in a thing or object.—*The Theory of Political Economy*, page 82.

In his essay on *Value of Gold* this same noted political economist says:

There is no such thing as intrinsic value.

Senator JONES quotes John Stuart Mill, as follows:

There can not, in short, be intrinsically a more insignificant thing in the economy of society than money.—*Principles of Political Economy*, Volume II, page 23.

And then says:

Professor Perry, while a most ardent champion of the gold standard, is compelled to admit the absurdity of the expression "intrinsic value," and to deny such value to gold as well as to everything else. In reviewing the statements of another writer on the subject of money, who had used that term, Professor Perry says:

"This author is led astray by the worse than useless adjective 'intrinsic,' having never yet learned that there is only one kind of value in economics, namely, purchasing power."—*Principles of Political Economy*, page 341.

Mr. MacLeod, in his elaborate treatise upon the Theory and Practice of Banking, speaking of the expression "intrinsic value," says:

"Moreover, we see on considering the term value that it is nonsense to speak of the representative of value. Value is a ratio—an external relation. What can be the representative of a ratio, or of an external relation? To say that money, because it is material and the produce of labor, has intrinsic value, and that a bank note is only the representative of value, is just as absurd as to say that a wooden yard measure is intrinsic distance, and that the space of 36 inches between two points is representative distance. It is of the first importance to economic science to exterminate this unhappy phrase 'intrinsic value,' which is clearly shown to be a contradiction in terms."—*MacLeod, Theory and Practice of Banking*, 1, 50.

Ricardo (than whom no financial authority stands higher) lays down the principle that even paper money, having not a shred of what the gold-standard advocates call "intrinsic value," will have real value equal to that of gold money, provided the number of the notes be sufficiently limited in quantity.

Speaking of uncovered paper money, he says:

"By limiting its quantity its value in exchange is as great as an equal denomination of coin, or of bullion in that coin."—*Political Economy and Taxation*, chapter 21.

After further discussion of the subject, he continues:

"On these principles it will be seen that it is not necessary that paper money should be payable in specie to secure its value; it is only necessary

that its quantity be regulated according to the value of the metal which is declared to be the standard." (Same work and chapter.)

In other words, Ricardo's statement here is, that if the amount of irredeemable paper money in a country were just equal to the amount of gold which would form that country's distributive share of the gold money of the world, the paper money would have precisely the same value, dollar for dollar, as would an equal amount of gold in that country.

All these writers and many others declare that the value of money—other things being equal—depends on its quantity and not on its material. It is therefore absurd to claim that silver has ceased to be adaptable for the money use because it is said to have lost some supposed attribute that neither silver nor gold nor anything else ever possessed, namely, intrinsic value.

So, too, the value of the units or dollars of our current money is not intrinsic value, since value can not be intrinsic in anything but the value of a dollar, or the unit of any system of money is in its exchangeability, and measured by its purchasing or exchangeable power in commodities, and is constantly related to the quantity, whole number, volume, or aggregate supply of units or dollars in circulation. Its purchasing power or value may be great or small—great if the volume or supply of them is small, and of small value if the volume is great relatively to the quantity of exchangeable things—commodities—to be exchanged for them.

Money or the units of money have no intrinsic value but relative value only.

Money is not a natural thing nor the natural property or quality of anything, but is constituted or decreed by custom, convention, or law.

All money is the creation of law.

If it existed otherwise than by law it could not be demonetized by law. Those who talk about money existing otherwise than by force of law in any legalized and civilized nation are either knaves or they are ignorant of what constitutes money.

While on this work of exposing the fallacy in the theory of the money power that gold and silver money is money because of intrinsic value, on the testimony of Ricardo, as quoted by Senator JONES, and so ably commented upon by him, I wish to call attention to the point that has such an important bearing on the question of paper money to be issued elastically by the banks if this bill shall pass.

He points out clearly that uncovered paper money such as our bankers spit at with such terms as "irredeemable trash," "money founded on nothing," etc., will have "value as great by limiting its quantity as an equal denomination of coin or of bullion in that coin."

Ricardo does not stop with this statement. He says:

On these principles it will be seen that it is not necessary that paper money should be payable in specie to secure its value.

He is demolishing, it would seem, all the pet sophisms of "intrinsic value money" and "coin redemption money" of the Wall street advocates at once and emphasizing what I have tried heretofore on this floor to point out to my fellow-members, that quantity of currency in circulation regulates and controls the value of money without regard to the material of which the money is composed, and also that redemption of one kind of a legal-tender dollar in coin or any other kind of a dollar is not necessary to maintain the value of money. Note how Ricardo goes on to say that "it is only necessary that its (uncovered paper money) quantity be regulated according to the value of the metal which is declared to be the standard."

It must be an annoyance to the advocates of bank issues and gold standard and intrinsic value money theories to find that fundamental principles, historic examples, and the best authorities are constantly furnishing evidence against them.

GOVERNMENT PAPER MONEY THE HIGHEST ACHIEVEMENT OF WISDOM.

My position is that the regulation and control of the quantity of currency in circulation is of supreme importance, and that therefore it must not be turned over to banking corporations or any other private interests.

The Government alone must retain and constantly exercise control over the volume of all kinds of money permitted to circulate as money among the people so to maintain general prices and the equity of payment on all future obligations.

Since the coinage, if unlimited, either for one or both metals, is slightly automatic as to quantity and may vary with the production, the export, the import, and the consumption of these metals in the arts, and therefore the quantity may vary, to the ruin of prices and bankruptcy of debtors without some compensating balance, therefore I see in paper money the highest achievement of wisdom; for by issuing it through the authority of Government, the aggregate volume of money in circulation can both be controlled and rendered adequate for the progressive march of industry and civilization.

The remonetization of silver has its chiefest benefits in breaking the monopoly of the Anglo-American gold conspiracy by increasing to some degree the volume of money so as to relieve price depression and the ruin of debtors. We can thus double the volume of coin redemption money so as to better secure our redemption system of money from collapse so long as the Jewish trick and scheme of "coin redemption" shall be followed foolishly by man-

kind. We thus render ourselves, by free coinage of silver, more independent of gold exports and appreciations during the mad scramble of the nations in efforts to maintain the gold standard.

That it would cheapen money is possibly its first effect, and this would be curative or remedial, and would save the industrial world from further extortion and ruin at the hands of the money power that for many years has been appreciating money and rendering it so dear that ruin has been greater among all western nations than could have been wrought by invasion either of armed forces or Asiatic cholera.

A PROPER AMERICAN SYSTEM OF MONEY NECESSARY.

As to the effect of our legislation regarding silver on the other nations, let me say that we should keep in mind the effect of money legislation on our own country. We must legislate for America, not Europe. Senator JONES of Nevada has well said:

It is one of the inalienable rights of a free people to provide themselves with a sufficient and properly regulated money system, regardless of the systems prevailing in countries of less enlightenment, or in which the rights and interests of the people are subordinated to the cupidity of money lenders and privileged classes.

But, to say a brief word on effect of free coinage of silver by our nation upon other nations, I will state that it will cheapen gold and raise silver all over the world, and that almost instantly.

Relieving the undue strain that now exists on gold by injecting silver as fast as our mints could coin it into the metallic money of our country would at once show to Europe that we would no longer pursue a blind competition with them for gold. It would at once make a new valuation of gold in relation to silver and all other commodities throughout Europe, and even in China and India.

If silver displaced gold in our coinage so much as to permit the flow of a single hundred millions of gold to Europe it would so far enlarge their supply and raise prices all through the countries where we now have to sell on prices ruinously low. Silver, on the other hand, would rise to our mint price, \$1.29 per ounce, in every market of Europe and the Orient. I quote the Senator from Nevada again—page 395, speech of October, 1893:

I must here repeat that there is no ground whatever for supposing that in case of the remonetization of silver in this country all the silver of the world would be sent here.

As quickly as the telegraph could convey the news that the United States had fully remonetized silver, that metal would command \$1.29 an ounce in every market in the world. As I have said, there is no silver bullion in the markets of the world to exceed 25,000,000 ounces, if so much. Such silver as may exist in any market would not need to come to the United States, because when men knew they could get \$1.29 for it by sending it here they would not part with it for less.

We have a demonstration of this in the fact that when in 1890 there was some expectation that a free-coinage bill might become a law in this country, and silver rose in consequence to \$1.20 an ounce, it rose to that price not in the American market alone, but in every market of the world that had any silver bullion for sale.

When it is said that the hoards of silver in India would come here to be exchanged for gold there is not the slightest foundation in reason for such a supposition. Gold is not the money of the 280,000,000 people of India, and it is impossible to conceive that it ever can be. The remonetization of silver simply means that with silver freely admitted to the mints gold would fall in relation to silver.

Yet let me say that silver coinage alone is not sufficient for the protection of our people. Metals are always subject, more or less, to go and come by export and import.

Paper money must be also issued and added to give adequate volume and steadiness of value to our currency, and its highest utility will be found when issued by the Government to supplement the volume of specie and used to maintain adequacy and uniformity of circulating volume. If metallic money becomes relatively scarce by export or otherwise, let the deficiency be supplied by Government issues to prevent contraction of the aggregate volume of coin and paper in circulation and to keep up an increase of money to accord with the increase of population and business.

If by balances of trade or from other sources there should come too great an addition of coin to our currency so as to raise prices too high and do injustice to the creditor class of our people, then let the Government withdraw and cancel enough paper money or notes to keep the aggregate volume at a proper equilibrium.

This would be wisdom in financial legislation.

This would secure justice regarding debts.

This would maintain prices and profits.

This would insure prosperity.

This would protect the people.

But to secure these results we must recognize the right of the Government to issue Treasury notes and to make them full money or legal tender.

We must insist on the value of money always dependent on volume, being regulated by Congress and Congress must represent the highest good of the people.

Congress shall have power to coin money and regulate the value thereof.

This is our constitutional power and duty, and we know that there is no way to regulate the value of money except by regulat-

ing the quantity or volume. To give the power, "elasticity," of controlling the volume over to banking corporations is to betray our people.

DO BANKING CORPORATIONS STAND HIGHER THAN SOVEREIGN GOVERNMENT?

From what sources have banks received a higher power or right of issue than is held by the Government itself?

It is in vain for the bank syndicate to cry out against Government issues of paper money on the theory that the Government has insufficient power to issue and legalize paper money while banks have power to do it or can obtain the power to do it by law.

What arrogance for them to assume that the Government can by law bestow upon the banks a right to issue money while not itself possessing the right!

What stupidity for them to teach that they are greater than the Government!

What ignorance or deception for them to insist that paper money issued by the Government is any more fiat money than what they would issue by fiat of law supplemented by the fiat of the banks!

We say again, there is no money in nature. Money is an artifice of man and the creation of law.

Any money issued without the authority or decree or fiat of the sovereign Government is counterfeit and fraudulent, and the issuers of such money, whether of paper or coin, should be apprehended, and, if found guilty, should be punished accordingly.

In my speech on Money, Banks, and Debts of the World while the bill for the repeal of the tax on State-bank issues was pending I endeavored to make this the legal basis of money clear. But to what I then said I shall add additional authorities on this occasion so as to clear away all doubts on the matter.

MONEY EXISTS BY LAW AND NOT BY NATURE.

Henry Cernuschi was perhaps the ablest scholar that appeared before the monetary commission of our own country in 1877.

He defines money and speaks of it as follows:

I will give you my definition of money: Money is a value created by law to be a scale of valuation and a valid tender for payments.

Certainly everyone understands that, as regards paper money, the value is created by law; but it is, perhaps, not easy for everyone to admit that, with regard to metallic money also, the value is created by law. It is, however, the fact. If you suppose that gold is not money, is not legal tender—if you suppose that silver is not money, is not legal tender—the value of gold and the value of silver is lost.

This fact that money is a value created by law is one of great importance, and I can cite you the highest authorities in proof that what I say is true.

When this question was put to the witness—

Q. Supposing the gold and silver metals to have no other use than as money, would they then maintain the same value that they now maintain as money?

He answered—

A. There would be a diminution of their purchasing power, because the purchasing power of money is in direct proportion to the volume of money existing. If all gold and silver are used solely as money, all the ornaments and all the jewelry will be melted and coined, and the volume of money will be increased. It will be exactly as if a new mine of money had been opened. And the volume of circulating money being made larger than before, there will be a corresponding diminution in the purchasing power of every metallic dollar.

Again he says:

Mr. Chairman, the doctrine that money is a value created by law was promulgated twenty-two centuries ago. It was advanced by Aristotle, the great philosopher—is practical and so positive that I would dare call him an American philosopher. I quote from his writings:

"Money (nomisma in Greek) by itself is but a frivolity, a trifle, and has value only by law (nomos in Greek), and not by nature, so that a change of convention between those who use it is sufficient to deprive it of all its value and power to satisfy all our wants. (Politica.)"

In virtue of a voluntary convention, money (nomisma) has become the medium of exchange. We say "nomisma," because it is not so by nature, but by law "nomos," and because it is in our power to change it and to render it useless. (Ethica.)

There is great weight attached to what that great economic writer Henry Dunning MacLeod may say, and rightfully so, when he is not a special pleader, as in his recent article against silver.

In his Principles of Economic Philosophy, volume 2, page 346, I find that, after approving some things John Law has said, he quotes this from Law: "Any goods that have the qualities necessary in money (by which he means the commodity value of the thing) may be made money equal to their value."

"In this sentence," MacLeod goes on to say, as I have quoted him already while speaking on the nature of money, "is concentrated the whole essence of that eternal delusion * * * which we designate Lawism. It is indeed nothing but the stupendous fallacy that money represents commodities. No man who does not thoroughly understand the great fundamental principle established by Turgot and others, that money does not represent commodities, can ever have sound ideas on this subject. Money does not represent commodities at all, but only debt or services due which have not yet received their equivalent in commodities."

SOVEREIGN GOVERNMENTS, NOT BANKS, SHOULD ISSUE ALL MONEY.

On the general proposition of permitting banking corporations to issue currency and expand and contract volume and the prices

of all things that money measures or prices or values at their own option, I desire to support my general arguments against it by referring to some great names and authorities under the general heading

SHOULD BANKS BE ALLOWED TO ISSUE CURRENCY?

The money power are doing their utmost to establish the claim by constant assertion, for they have no argument in the case that the Government should, as they call it, "go out of the business of banking." In this they are begging the question by a misuse of terms, for issuance of circulating notes is no proper function or duty of banks any more than coining money is the duty of banks instead of the National Government.

The legitimate business of banking is to deal in exchange, loans, and deposits.

The Government should indeed keep out of this, but the legitimate and constitutional duty of the National Government under our Constitution is to coin and issue all money needed for circulation and regulate its value by the only method possible, which is to regulate and control its volume.

Daniel Webster, who has been so greatly eulogized within the last few days in this House, on the occasion of unveiling his statue, said of paper-money circulation:

Its regulation naturally belongs to the hands which hold the power over coinage. This is an admitted maxim by all writers.

The plea of the advocates of bank issues instead of Government issues of paper money rests largely upon these points, which they say are essential in a sound currency and can be furnished by the banks—

First. Security of final redemption.

Second. Convertibility.

Third. Elasticity.

On this third point I have already shown that elasticity such as they mean, which disturbs the volume, disturbs prices and profits and these must not be under private control.

The first two rest on the delusion that it is in money matters safer to have representatives of money in circulation—credit substitutes, as they call them—than to have legal-tender money itself in circulation.

Of course the idea that substitutes for legal-tender money are better than the money itself is a snare and a delusion.

The whole theory of compulsory coin redemption of money is wrong to those who will take the trouble to investigate.

The old economists did not have the benefit of full light and liberty on a question of a properly discovered system of legal-tender paper money issued and controlled by the Government, independent of the coming or going of gold, nor did all the fathers of our own Republic prior to the issuance of the greenback properly discern the idea that money is wholly a creature of law. But they had no doubt as to the effect of volume on prices, and therefore generally took ground against bank issuance.

But General Warner, from whom I have already quoted, in his testimony and statements before the committee says, on page 245:

Acting upon this principle, the business of banking and the creation of money are so distinct and separate in their nature that they can not be safely blended.

I say that all enlightened nations have abandoned the practice of turning over the issue and regulation of currency to an indefinite number of banks. It was stated yesterday before the committee that the three things necessary to a sound currency were, first, security; second, convertibility as a means of regulation, and third, elasticity. Now, I wish to refer to these three principles briefly in their order. First, security. One of the earliest Secretaries of the Treasury, Crawford, I think, and I have not had time to look that up, said that the security of final payment of notes was no such regulation of quantity as would secure stability in the value of the currency. That saying was quite extensively quoted in the British discussions on that question as being a clear statement of a perfectly sound doctrine.

Mr. COBB of Alabama. Please state that over again.

Mr. WARNER. That the security of final payment of notes, or their redemption, is no such regulation of the quantity of money as will insure stability of value, and the reason for that is very apparent. The United States might now issue \$500,000,000 of 5 per cent bonds, and if it would allow banks to take these bonds at par, is there any doubt but that the national banks would issue \$500,000,000 of currency, or as much as they are allowed by law to issue? The ultimate payment of the notes would be amply secured—there would be no question about that, none whatever—but the quantity of the currency would be so increased that its value would become immediately depreciated.

At first the depreciation would extend not only to the paper part but to the coin as well, involving the entire currency of the country as compared with the currency of other countries; hence the principle of ultimate security was abandoned sixty years ago as a principle upon which the regulation of the currency could be safely founded. If security of note circulation is a safe principle, then security by a pledge of land ought to be as good as a pledge of bonds. John Law said: "Any goods that have the qualities necessary in money may be made money equal to their value."

Mirabeau said of the French assignats: "They represent real property, the most secure of all possessions, the land on which we tread." The fundamental error in this principle lies in the attempt to hold a thing as property and at the same time to coin it into money. At bottom the principle of basing the currency on bonds is just as vicious as basing it on land. There is no limit to the amount of bonds that may be issued any more than for the land that may be pledged, nor as much; but the principle itself is wrong for the reason that security of final payment affords no proper regulation of quantity upon which the value of each unit depends.

Ricardo, in his evidence before the secret committee of the House of Commons in 1819, says:

"Plans for an improved system of currency are frequently laid before the

public which rest entirely upon this fallacy. The exclusive object of these systems is to obtain for the paper currency to be issued under them a greater degree of security than that which is supposed to attach at present to the notes of the Bank of England. This end the authors of these schemes generally propose to accomplish by contrivances which they deem to be extremely ingenious, but which always resolve themselves into the simple plan of making property of some kind or other the basis of the circulation. Sometimes the plan suggested proposes to issue a paper currency against the security of land, sometimes against the security of the public debt, and sometimes against merchandise in the docks; but, having provided for the security of the notes, the plan generally terminates at this point: the projector apparently conceiving that he has satisfied all the desiderata of a good paper currency, although he has introduced no specific measure for regulating the amount of that currency and maintaining its value relatively to the currencies of the other countries of the world."

The second principle, as a means of regulation, is convertibility. In the bullion report of 1810 the doctrine seemed to be conceded that if a currency was convertible—although the report stoutly contended against the doctrine that ultimate security was a safe principle at all times—that then it never could fall below the value of metallic money, or of the metallic standard; and that doctrine was held and acted upon, almost without dissent, I believe, until 1833. But the experience in England, after resumption in 1819, up to 1826, was such as to lead to a very careful reexamination of that principle, and, although the directors of the Bank of England had prior to that time acted upon that principle and considered it perfectly safe, they were obliged, as Mr. Norman admitted, to abandon that principle.

It was during this period, from 1819 to 1826 and on to 1844, that the question underwent such a thorough discussion, when everything was thoroughly thrashed out and every suggestion and every claim was ground to powder and all errors sifted out and the truth finally established, and one of the conclusions reached was that even convertibility could not be relied upon as a safe principle for the regulation of the amount of currency.

There were those even before 1836 who had opposed the doctrine that either security or convertibility could alone be relied upon to properly regulate the currency. Mr. Horner, in the Bullion Report of 1810, says:

"An increase in the quantity of the local currency of a particular country will raise prices in that country exactly in the same manner as an increase in the general supply of precious metals raises prices all over the world."

Ricardo says (see High Price of Bullion):

"It would be readily admitted that whilst there is any great portion of coin circulation, every increase of bank notes, though it will for a short time lower the value of the whole currency, paper as well as gold, yet that such depression will not be permanent, because the redundant and cheap currency will lower the exchange and will occasion the exportation of a portion of the coin, which will cease as soon as the remainder of the currency shall have regained its value and restored the exchange to par."

Webster said, in his speech on the subtreasury bill, March, 1838:

"I contend even that convertibility, though itself indispensable, is not a certain and unfailing ground of reliance. There is a liability to excessive issues of paper, even while paper is convertible at will; of this there can be no doubt. Where, then, shall a regulator be found? What principle of prevention may we rely upon?"

J. R. McCulloch says:

"When the currency of any particular country, as of England, consists partly of the precious metals and partly of paper converted into them . . . the excess of paper is not indicated by depreciation or fall in the value of paper, as compared with gold, but by a depreciation of value in the whole currency, gold as well as paper, as compared with other States."

Lord Overstone said, in his testimony before the commission of 1875, page 409:

"Convertible notes may be issued, continually depreciating the currency, until the metallic portion of the currency has been entirely banished from the country."

On the following page he says:

"The changes in the amount and value of the paper currency of the United States have been greater than in any other country, and it has produced an unprecedented amount of bankruptcy and ruin."

And again, page 41, he says:

"It is undoubtedly true that convertibility is an ultimate security against a permanent excess of the currency, and fixes a limit beyond which such irregularity in its management can not be carried. But this principle only comes into operation through the medium of prices. If the currency be in excess, prices of all articles are affected in a corresponding degree; hence the balance of trade is disturbed, the exchanges are consequently affected, and a tendency is produced to export gold. . . . Convertibility will not by itself prove a sufficient protection against excess in a paper currency."

And in his pamphlet on the management of the circulation previous to 1839, he says:

"It is not sufficient merely to ordain, as Peel's bill did, the convertibility of the notes; it is further necessary to see that effectual means are provided for that end. It is now discovered that there is a liability to excessive issues of paper, even while that paper is convertible at will."

The next principle is that of elasticity. They say we must have an elastic currency. The Secretary of the Treasury says:

"A sound and elastic currency, capable of adjusting its volume easily and rapidly to the actual demands of legitimate business, is what the common interest of all our people requires."

I say to the Secretary of the Treasury that perpetual motion is a great deal easier to obtain than that kind of elasticity. It never did exist in the world and it never can. There is absolutely no such relation between the supply of paper money and the uses for money as admit of automatic regulation, and for a single reason. If paper money was issued only to meet the demands of business arising out of an increased number of transactions—that is, increased purchases and sales of goods—then such a principle might be possible; but the fact is the effect of an excessive currency is immediately to raise prices, and as prices rise the demand for money increases pari passu with the rise of prices, and when prices are doubled the demand for \$3 in every transaction is just as great as the demand for \$1 was before.

Mr. HALL. Does that principle apply to bank currency?

Mr. WARNER. Certainly, to bank currency as well as to any other, as I will show you a little further on; it applies to any currency that is issued in excess, I care not what kind of currency it is. It would apply to the precious metals if there was, at any time, such a production of the precious metals as would greatly increase the proportion of metallic money to commodities to be bought and sold or to be circulated by money, then the rise of prices that would follow would create an enlarged demand for money. Rising prices never take up and give back. They take up and hold. The experience of the whole world is against the idea that business takes up money and gives it back automatically.

Our experience under the old bank-note system is enough to set that at rest. One single fact is enough. Between 1830 and 1837 the notes of the banks of this country increased from \$61,000,000 to \$149,000,000, and then they went down until, in 1843 there were only \$53,000,000 of them. That was the way an elastic currency worked then, and it is the way it always worked. It is the

way it worked in England when they had much more rigid restrictions than we ever had in this country.

An elastic currency! It is a delusion. By what principle are banks governed, or will they be governed, if we turn over to them the issue and regulation of the currency? I ask that question. Banks are institutions organized for private gains. They are controlled by one principle alone—their own interest. If they can derive a profit by putting out more currency, they will put it out. There is no limit to the quantity of money they would put out or that the country would take.

On this question of elasticity let me read from the Bullion Report.

Mr. HALL. What bullion report?

Mr. WARNER. Of 1810, the Horner report, the famous bullion report.

As far back as the Bullion Report of 1810, Mr. Whitmore, then late governor of the Bank of England, stated the rule of the bank then to be "to govern its issues by the amounts of good paper offered for discount, on the principle that the public will never call for more than is absolutely necessary for their wants." This is what the Secretary of the Treasury seems now to think a safe principle—that is, business will not call for any more money than it wants, and banks will not put out any more than business calls for. But, referring to this principle, the Bullion Report says:

"That this doctrine is a very fallacious one, your committee can not entertain a doubt. The fallacy upon which it is founded lies in not distinguishing between an advance of capital to merchants and an additional supply of currency to the general mass of circulating medium." (Bullion Report, page 55.) Lord Overstone, in his testimony before the commission of 1875, says, page 384, "the public will call for and take money to any extent"—there is no fear of that; and again, on page 395:

"I have no hesitation in saying that the Bank of England can put out any quantity of its notes that it thinks proper; that the effects of that will be to drive gold out of the country; that the notes will take the place of gold in the circulation, and that will go on until the whole of the gold has been driven out of the country."

Sir Charles Wood said, discussing the act of 1844:

"It was held in the bank parlor, as it is by many even now, that to issue paper on good commercial security was all that was necessary to insure the proper amount of paper being in circulation."

That idea, however, long ago was abandoned in England, but it seems still to hold a place in this country.

Mr. WARNER. As Mr. Weguelin said, the wealth of the world is offered against money. A distinction must be drawn between borrowing money and buying money. Money on the one hand stands offered against everything, and everything on the other hand stands offered against money. Money will go out and continue to go out as prices rise, and as prices rise and confidence increases the demand for money increases, and there is no principle of elasticity which operates until the point of explosion is reached. This is reached when gold begins to go out, or so much of it goes that confidence is destroyed; then panic follows and there must be a contraction all along the line. It is a contraction, however, after the explosion, and that is the way such a currency is regulated and always has been.

The experience of every country, I think, has been the same; that is, first an expansion, then a sudden, violent, and ruinous contraction. That is the necessary consequence of a currency the issue of which is left to the discretion of those issuing it or to their interest. It was shown in report of 1857 of the commission that even the 205 country banks of England could not be trusted with the responsibility of issuing circulating notes. Sir Robert Peel said on that point:

"It appears to me that we have, from reasoning, from experience, from the admissions made by the issuers of paper money, abundant ground for the conclusion that under a system of unlimited competition, although it be controlled by convertibility into coin, there is not an adequate security against the excessive issue of promissory notes."

Now, take the 10,000 banks in the United States, and delegate the power to all of them to issue notes, and entrust to them the duty of regulating the currency of the country. What will be the result? When will they begin contracting? Not until the issue of money ceases to be profitable to themselves. The drain of gold will fall first, of course, upon the banks of the seaboard, the great cities. They may check their issues, but the country banks will pay no attention to that. Inflation will go on long after the gold begins to leave the country. Why, the idea of maintaining a gold standard under a system of currency of that kind is so at variance not only with the experience of every nation in the world but of reason, that I am astonished that such a proposition as this should be brought forward at all.

Compare this with the restriction system of England, Germany, and other European countries. What other country would even for a moment entertain a proposition to turn over the issue and regulation of currency to 10,000 banks? Indeed, it is a proposition too monstrous for anybody to consider and maintain mental equanimity. If the author of this scheme had ever read the discussion on the subject of the regulation of currency which took place from 1810 to 1837 in England, or if he had ever read the Report of the Parliamentary Commission of 1867 he would never have connected his name with a scheme that can be compared with no other ever proposed, except that once undertaken by John Law.

Any proposition that turns over the regulation of currency to institutions organized for private gain is at bottom wrong. Unless it is to their interest to furnish the business world with money they will not do it, and the business world must suffer the consequences. There is the fatal defect in this proposition, and which in my judgment is enough to condemn it utterly.

Mr. Chairman, I will not take up the time of the committee any longer, but will simply say I am very much obliged to you, and that I would like to add to my statement a few quotations which I have not had time to read.

Mr. COBB of Alabama. Can you give us something as a substitute? You have been tearing down, but you are not building up anything.

Mr. WARNER. I would do this. I would do exactly as is recommended in the report of 1857. There is but one way by which the currency can be automatically regulated. The world has never found but one, and that is through the production of the metals. Subject the supply of money to the same laws that govern the supply of everything else. Then if the production of metallic money should be unduly increased, it would, of course, become depreciated, as would be made manifest by rise in prices; but the point would very soon be reached where it would be easier to obtain a dollar, or where a dollar could be obtained with less labor and energy by producing something else to exchange for it than digging it from the ground; then the production of the metals would in that way be checked. I say that is the only automatic way the world has ever devised or ever known for regulating money.

In addition to that, all money that supplements the metals should be rightly limited to some proportion between population and business, the one purpose being to maintain stability—the greatest possible stability. Again, another objection to the kind of currency proposed in this bill is that it is not a legal tender. All money ought to be a legal tender. If it pretends to be money, it should be money when you pay it out as well as when it is paid to you. Nothing should be allowed to circulate as money that is not money.

I wish to acknowledge the clearness and great value found in the statement of General Warner as against banks of issue, but I

desire to say that I do not agree with him that the automatic theory of regulation of volume founded on the mining product of gold and silver is either a safe regulation at all times or a basis of sufficient supply, and there is no assurance as to the quantity of the future supply or adequacy for the present needs of civilization.

In the last sentences I have quoted from him he himself practically gives up the automatic theory of metallic limitation when he says that—

all money that supplements the metals should be rigidly limited to some proportion between population and business, the one purpose being to maintain stability.

This is correct and defensible as a basis of limitation.

THE "SCARE WORD" OF "FIAT MONEY."

From what source have banks ever, in this country, derived the privilege of issuing notes to circulate as currency?

Always and only by the grant or law of the colony, State, or nation in which such banks exist.

Will anyone, then, state on this floor that foolish and indefensible doctrine that a government can grant a power to banking corporations that it can not maintain and exercise itself?

To state the question plainly is to expose the fallacy of our opponents; for Congress can not authorize any corporation or agent to do what it can not properly and constitutionally do for itself.

It is now generally seen and conceded, and no member on this floor will deny, that money can not be coined or issued or otherwise sufficiently certified for general circulation without the authority of law, and the right and force of money as such, whatever it may be, are legal rights—not natural.

In short, money is the creature of law.

All genuine money, whether coin or paper, is in this sense fiat money.

The term "fiat money" is another scare word or "bogey man" with which the cunning bank syndicate would scare people out of the right to exercise their own authority to issue legal-tender notes. Bank notes can not and do not circulate in this country except by the fiat of law. They are the joint creation or fiat of the banks and the Government.

BANKS VERSUS GREENBACKS.

In my speech before this House on money, banks, and debts of the world, when the question of repeal of the tax on State-bank circulation was before Congress, I gave a strong list of noted authorities to establish the quantitative theory of money value—I need not repeat the quotations here—but a few words on the application of this elemental and universally accepted monetary truth to the question now before us.

All the propositions coming from this Committee on Banking and Currency and all advocated by those anxious to befriend the money and bank power in this country, as far as I know, and especially the Carlisle plan, and the Baltimore plan, provide for banks to have control over the issuance of notes to circulate as money and thus to control the volume of money in circulation.

To give this power to the banks is to turn over to them the power over prices and the prosperity of the people.

Why should Congress abdicate its rights and turn away from its responsibilities to protect the people from the ruinous aggressions of the money power?

Has Shylock in these modern days become a saint, that he should receive greater power and service than ever before?

Have gentlemen on this floor lost view of the great injustice and irreparable damage they do to the people who sent them here when they propose to turn over to the banks the control of all prices, profits, and through these ultimately all property and wealth of our unsuspecting population?

Surely no Congressman can be ignorant at this stage of the discussion that all of these propositions look to the denial to the Government of the right to provide and maintain in circulation an adequate supply of money "and regulate the value thereof." Shall we surrender the constitutional duty and power of Congress to banking corporations by vote of the Democracy?

In the corrupted currents of this world
Offense's gilded hand may shove by justice;
And oft 'tis seen the wicked prize itself
Buys out the law.

But Congress must see to it that Shakespeare's cutting analysis of the corruptions of the courts have no fitting application in an American Congress.

I can not imagine a more dangerous surrender of power than this would be that could ever come in times of peace to the Congress of the United States—

When all the blandishments of life are gone,
The coward sneaks to death, the brave live on.

Mr. Chairman, I could never believe that the freely chosen representatives of 70,000,000 Americans could be induced to so far betray their people, if I had not on a former occasion witnessed the confusion and cowardice of so many Representatives who yielded to the threats and clamors and blandishments of the gold and

bond conspiracy when the people stood for, and still ask for, the restoration of silver as a standard money.

THE PARITY FRANK AND THE GREENBACK.

The so-called Sherman silver-purchase bill, enacted as a compromise measure in the act of July 14, 1890, between the free-silver and gold-standard opponents, had in it a more vicious, far more vicious, measure than simply the purchase of four and one-half million ounces of silver bullion per month.

I refer to that clause and provision of the law, which is the cunning statement of a doctrine or the catch phrase of a campaign speech rather than the enactment of a law, declaring it to be—

The established policy of the United States to maintain the two metals (gold and silver) on a parity with each other upon the present legal ratio (16 to 1) or such ratio as may be provided by law.

The free-silver men were permitted to believe that this admitted the doctrine that silver should henceforth have equal right before the governmental authorities with gold at the standard ratio of 16 to 1 until some other ratio should be established by law; but Senator JOHN SHERMAN, who was as deep in this scheme to subordinate silver to the gold standard in 1890, and is still in 1895, as he was in the demonetization scheme of 1873, seemed to have known just what interpretation the Harrison Administration would put upon that phrase, and so keeping "the two metals at a parity with each other upon the present legal ratio" has from that time to this been construed to require not an equality or parity between them on the 16-to-1 ratio, but a constant and determined subordination of one of the metals—silver—to the other—gold—on the theory that all other money, silver as well as paper, must be redeemable on demand instantly in gold; as if gold alone was the only money of ultimate redemption.

Surely the eminent services that the eminent demonetizer has rendered the European gold mongers ought to entitle his portrait to a place in the innermost temples of the gold worshippers of Europe.

Surely the shylock, schuckling over the successful game and trick of gold redemption of all other money which they are playing upon the leading nations of the commercial world, while they play the elasticity scheme of contracting and clutching the gold always when most needed by the debtor world, can find abundant reasons for lauding the financial qualities of their greatest advocates in America.

Parity! As played upon our people it is worse than the plague of fiery serpents upon ancient Israel in the wilderness. And the lifting up of silver before the people, coined without limit, into good, bright, and honest dollars will have as great an effect instantaneously and psychologically to cure the gold plague of our day as did the lifting up of the brazen serpent to cure the plague of the ancient times.

But I have already sufficiently discussed the question of misconstruing the word parity.

Does anyone believe, after a careful and fair-minded investigation of that "parity" clause, that the two metals—not coins, but metals—gold and silver, are kept at a parity or on an equality on the old ratio by such a subordination and noncoinage of silver? Does such conduct tend to keep up the price or value of silver? Does it not, on the other hand, cast silver down and greatly depreciate its use and value and destroy the very parity that they profess they desire to uphold?

And to-day listen to the ominous sounds that come up to these halls from the tamed and untamed beasts (the bulls and bears) of Wall street declaring that the public credit is endangered; that the gold in the Treasury is about to be carried away and the Government to be left without gold resources with which to keep up the redemption of United States notes and Treasury notes—aye, that even European money speculators are afraid we will, by this drainage of gold, be driven upon a silver basis.

Is there any member of this House who needs to be told that the policy and decision of our Treasury officials to keep silver in subordination to gold are the very means that subject our Treasury to a constant drainage of its gold reserves?

Does not every member who is in any degree competent to legislate on this question know that if our Treasury officials would at once exercise, as our present laws allow, the option that European governmental officials, notably in France, constantly exercise of paying all coin obligations in silver coin, and to such extent as best agrees with the needs and supplies of the Treasury, that this would at once protect the gold reserve and stop all runs upon our Treasury to obtain gold?

THE PURPOSE OF THE MONEY POWER REGARDING TREASURY GOLD.

What, then, is the meaning of this clamor from Wall street and the bond markets?

It means that they wish to keep up the very condition of a gold redemption of greenbacks or some other form of money easily accessible to them, that permits the drainage of gold, at their option, from the Treasury. But at the same time by trying to

alarm the country generally they hope to secure financial legislation that secures to them these two points:

First. To get United States bonds issued in quantities sufficient to provide them investments for idle money, money that declines to take any part in the risks and contingencies of our industries and property, which suffer in falling prices necessarily while the country is being driven upon the narrow and contracted gold standard. And these bonds, they insist, must be exempt from taxation, with interest semiannually or quarterly and payable in gold.

Second. To get the noninterest-bearing legal-tender notes of the Government, so highly valuable to the people, retired, canceled, or locked up out of circulation, so as to provide more room for them to issue and loan their bank notes to the people, and so also to better control the volume of money in circulation for expansion or contraction at their option, thus making it elastic for them, and as their interests and profits may require. Never yet have they proposed a currency elastic for the relief of any other class than themselves.

GREENBACKS NOT THE CAUSE OF FINANCIAL STRINGENCY.

I challenge any member on this floor or any man elsewhere to find any instance among intelligent business men and laborers anywhere in the country where they have ever shown lack of confidence in the monetary qualities and debt-paying power of the greenbacks.

The people everywhere know they are as reliable as the foundations of the Government itself. They are the best money ever coined and issued to the people.

Then away with this sham cry against the legal-tender Government money.

It is because Government money is the best money that the bank syndicate clamors so boisterously for its retirement.

They want the best and full legal-tender money out of the way, so that from sheer necessity the people will have to use their inferior bobtail nonlegal-tender bank issues.

They are trying to play the old fox game on the Government and people to persuade them that it is far better for them to cut off their own legal-tender currency.

REMEMBER AÆSOP'S FABLE.

By his own avariciousness an old fox had lost his tail in a trap and feared he would, owing to this shortage, become the laughing stock of all the other foxes in the country. So he resolved to try to induce them to have their tails cut off also. At the next assembly of the foxes he made a speech on the unprofitableness of tails in general, on the greater advantages of promissory substitutes for tails, and the inconvenience of foxes' tails in particular, since they so greatly exhausted the resources of the central body while in circulation, and were often switched around so as to disturb the gold reserves.

WHY DESTROY THE GREENBACK CURRENCY?

Again we ask, Why this sudden and impulsive haste to get rid of United States legal-tender notes? Whence arises the banker's animosity to them.

Have the common people, manufacturers or merchants, ever demanded their retirement? Have they ever failed to pay debts or to circulate at par for debt-paying purposes and exchange for commodities?

Has anyone ever questioned their reliability to perform all the functions of money given to them by law?

But we need not go far to find the reasons why the associated banks are against them.

First. They are better money than any the banks can issue in competition with them.

Second. They supply near \$500,000,000 of money for circulation (\$346,000,000 greenbacks and \$152,000,000 of Treasury notes) to the people without interest cost, and the bankers can make no profit on their issue.

Third. Their volume is beyond the option and power of the banks to contract and expand at their pleasure. So to that extent illustrate a currency which, if issued in proper volume, would destroy the power of the banks to manipulate prices, profits, and progress of industry.

They rest on the law and credit of the Government without the mediation of a priesthood of Jewish bankers. They are pure and perfect money to the extent of their volume and legal-tender qualities. They are the noninterest-bearing form of national debt, and if issued in proper volume would destroy the burdens of bonded debt.

Mr. St. John, before the Committee on Banking and Currency, well said "that the underlying demand of the gentlemen who have been here to testify in behalf of any of these bills is that the greenbacks shall be retired. That is basal in their demands. Profit to the issuing banks is the first requisite of any creation of bank notes."

It may not be improper here to suggest that every one of these reasons why the bank-issuing fraternity dislike the greenback currency is also a strong reason why the people of our country

should hold to them and resist the selfish demands of the banks regarding them.

Why should banks decry the credit of the little noninterest-bearing bonds in shape of greenbacks, which the people need even in greater volume in circulation, resting, as they do, on the law and decree of the Government, while at the same time they have used larger and interest-bearing bonds, resting on the same law and fiat of the Government, as an all-sufficient basis of security for their own national-bank issues?

Why do they still decry greenback form of money, while they still use it with universal approval among themselves as bank reserves and perfect redemption of their own note issues?

That want of parity does not interfere with international trade, and that paper legal-tender money will stay at home better than metallic money, and yet be no interference to our foreign trade, while maintaining prices at home, I quote again Senator JONES, and through him Professor Cairnes and John Stuart Mill:

With a national money—a money which would not be sent out of the country—there would be no great rise or fall of prices, and no great changes in the volume of money. All the money would remain in the country, for the use of our own people, and all differences in exchange would then be settled (as they should be settled) by commodities.

It would then be as profitable to meet balances of trade with commodities as with money, because our money would in foreign countries be mere merchandise, which, I assert, is as it should be. The money supply of our country should not be continually oscillating between a feast and a famine, alternately raising hopes and dashing them to the ground.

WANT OF PARITY NO OBSTACLE TO FOREIGN TRADE.

The absence of a parity between the moneys of nations does not affect their foreign trade, as some would have us believe. I challenge any gold-standard Senator to point to an authority of repute on political economy who anywhere pretends to assert that any nation having money other than gold is, or can be, injuriously affected in its business or other relations by any variance in what is called the parity of moneys. The money of this country, whether gold, silver, or paper, will always command—will always purchase—upon equitable terms, the money of any other country with which we have commercial relations, whether those relations be directly with itself or through other countries.

One of the most eminent of economists, Prof. J. E. Cairnes, of the University College, London, though an eminent advocate of the gold standard, in his *Leading Principles of Political Economy*, says:

"It appears to me that the influence attributed by many able writers in the United States to the depreciation of the paper currency, as regards its effects on the foreign trade of the country, is, in a great degree, purely imaginary. An advance in the scale of prices, measured in gold, in a country, if not shared by other countries, will at once affect its foreign trade, giving an impulse to importations, and checking the exportations of all commodities other than gold."

"A similar effect is very generally attributed by American writers to the action on prices of the greenback inconvertible currency. But it may be easily shown that this is a complete illusion. Foreigners do not send their products to the United States to take greenbacks in exchange. The return which they look for is either gold or the commodities of the country; and if these have risen in price in proportion as the paper money has been depreciated, how should the advance in prices constitute an inducement for them to send their goods thither? The nominal gain in greenbacks on the importation is exactly balanced by the nominal loss when those greenbacks come to be converted into gold or commodities. The gain may, in particular cases, exceed the loss, but, if it does, the loss will also, in other cases, exceed the gain. On the whole, and on an average, they can not but be the equivalents of each other."

I find this point touched upon also by an American writer whom I regard as one of the ablest contributors to the literature of political economy to be found in this or any other country. I allude to Mr. John P. Young, the managing editor of the *San Francisco Chronicle*. In a luminous article on bimetalism, in the issue of that journal for August 3 last, Mr. Young says:

"But the suggestion that this country might have a sole silver currency is the bogie that frightens many who know little or nothing of the subject. 'To have a sole silver currency' in their eyes means unparalleled disaster. Such people completely ignore the fact that during the period that we had a sole gold currency no one thought that the country was threatened with ruin because the dearer silver was not coined. Such as gave the subject a thought at all and had any real knowledge of the difficulty desired that the mistake of undervaluing silver might be corrected, but they would have judged a man a fit candidate for the lunatic asylum had he asserted that disaster would certainly follow the free coinage of gold because it was cheaper than silver."

* * * If a nation has resources and a people capable of developing them it will increase its wealth, no matter what sort of money it employs to circulate values, provided the standard of values is not tampered with.

"Between 1860 and 1890 the precious metals, silver and gold, were not used to circulate values in the United States. Our only currency was the greenback—except in California. There was no demand for gold except that artificially created by promising to pay the interest on bonds in money of that metal, yet during the period in question, in spite of a devastating war, during which production was interrupted and vast quantities of property destroyed, the wealth of the United States increased from \$16,160,000,000 to \$43,042,000,000, or nearly threefold in twenty years. If the theory of those who make a fetish of gold were sound this could never have happened. Nor while we were increasing our wealth at home did our foreign trade suffer. That went on precisely as described by John Stuart Mill in his chapter 'On the Foreign Exchanges.' After supplying an illustration, Mill remarked:

"It thus appears that a depreciation of the currency does not affect the foreign trade of the country. This is carried on precisely as if the currency maintained its value. * * * If the currency is depreciated 10, 15, or 20 per cent, then in whatever way the real exchange arising from the variation of international debts and credits may differ the quoted exchange will always vary 10, 15, or 20 per cent from it. However high this nominal premium may be, it has no tendency to send gold out of the country for the purpose of drawing a bill against it and profiting by the premium, because the gold so sent must be procured, not from the banks at par, as in the case of a convertible currency, but in the market at an advance of price equal to this premium."

A currency issued by the Government, in adequate volume and made full legal tender, circulating among a people, is the best possible form in which a people can fund its debt, for these three principal reasons:

First. It is an absolutely inexpensive form in which the people of a nation can carry their nation's indebtedness.

Second. It provides a more convenient form of currency than coin and independent of the international scramble for accumulations of precious metals.

Third. It provides a perfect safeguard, when issued in adequate volume, against contraction and expansion of volume in the interest of money dealers and protects prices of all other property and preserves the equities of time contracts.

WHY THEN COIN METALS INTO MONEY?

Then would you have the precious metals coined at all? asks an opponent. Yes; not that a Government paper currency can not, when wisely provided and its volume wisely regulated, prove the best currency independent of coins that a nation may have when competent to reach the highest ideals in practical realization, but because the traditional or race thought of our people demands an adherence to the coinage of metals, I would have the Government freely coin into dollars for all who desire it all the bullion that they choose to bring to the mints.

And again, as long as the banking forces can keep up the conviction among the people that money made of paper must rest on the basis of instant and compulsory redemption at the demand of the holder in coin, instead of resting on the decree of law and receivability of the issuing government, which principles keep up the monetary value of coins themselves, so long must we have the broadest possible basis of coin to furnish a sufficient and available supply of coin to support said redemption.

This requires a bimetallic basis, for all competent authorities are settling down to the conviction that gold alone can not furnish an adequate supply of coin for a sure maintenance of coin redemption. But, Mr. Chairman, why give away the interests of the public, the interests of all classes—the laboring, developing, and progressive classes—the truly American interests in a laboring and debtor nation, on this banking and currency question?

Why divert the bankers by temptations so strong to depart from the true, safe, and legitimate business of handling loans, discounts, deposits, and exchange which at all times and in every country is understood to be the proper sphere of true banking, and induce them to go into the business of issuing currency notes to supply the money that the Government itself should supply for the cure of the money famine now existing?

A THREE-CARD-MONTE GAME.

Why by law authorize bankers, in a sort of three-card-monte game with the public, to take up \$100 for every \$30 (30 per cent) that they put down, and to have the free use of the \$100 taken up for an indefinite length of time—to such time as they choose to lay it down again and take up the \$30?

Why allow this extraordinary privilege to the present bankers, with their thousand-million-dollars capital, and all other bankers who choose to bring other millions of capital into the bankers' side of the game? Have such privileges been offered to any other class of our citizens?

Coupling these privileges with the provisions looking to the retirement and destruction of the Government legal-tender notes so that the money issuers will have complete control of the circulating medium of the people, is there anything in sight left for the industrial interests of the country?

Is there anything to keep the money dealers from manipulating prices in their own interests and taking ultimate possession of as much property as they may desire?

Since they will have complete control of volume, who can prevent their control of price, for the most fundamental truth in monetary science is that the volume in circulation will and does control the price of all other forms of property?

Remember, too, that prices control profits and profits control the employment of labor and the prosperity and welfare of the people.

OUR ATTACK IS ON BAD MEASURES, NOT MEN.

Let no man on this floor jump too hastily to a false conclusion or assertion concerning my views or relations to the business of banking, nor let any man assert that I have any animosity toward bankers. I have no such views or feelings. I do not so much condemn the bankers who are urging legislation in their special interests as I condemn you who, on this floor by the confidence of your people and the sacred duty upon you of protecting their interests, seek by vote and speech to turn your people over to the control of the money power.

NEEDLESS FEAR OF FREE COINAGE OF SILVER.

There is a sort of terrorism on this silver question in New York City and a strong effort to suppress facts as bearing on the benefits of free coinage. I will quote what Mr. St. John, president of the New York Mercantile National Bank, said before our Currency Committee:

Public opinion is under a newspaper terrorism in New York. Men who agree with me fully, and I know many of them of considerable wealth, prefer to keep silent for the present. Any nobody who will write at length a lot of nothingness adverse to silver money will be accorded certain newspaper's

space and be dignified into great authorities. Rejoinder, if complete, and the more complete the more certainly is denied even a limited space. Again, other men believe that until a change of administration here approaches it will merely cost them influence to speak their conclusions favorable to silver money. Then, too, certain newspapers shield their readers against intelligence and cow them out of any timid convictions they might indulge.

As an instance, Mr. Horace White's *Evening Post* a few weeks ago quoted at length from the *London Economist* one Rawlinson's criticism of Manchester's complaint of England's gold monometallism as relating Manchester to India. The complete rejoinder two weeks later in the *Economist*, a compilation of facts that refuted Rawlinson totally, has never even been mentioned by the *Evening Post*.

But conditions current here and elsewhere are forcing the truth upon general attention, and a rebellion against this tyranny and concealment of facts will manifest itself ere long in New York as elsewhere.

I have no doubt that a very great number of persons honestly fear that free coinage of silver at this time would have disastrous results—and so they would thus sacrifice the sure relief and great benefits it would bring to us.

They fear that we would at once be thrown upon what they would call a silver basis, or, in other words, that gold would go to a premium over silver and our other ordinary forms of currency.

Let me observe to quiet needless fears on these points—

First. That for export purposes there would be no more demand for gold than now exists, so we would lose nothing in that regard.

Second. That there would be no inducement for hoarding gold for the reason that its monetary use in coins is its principal use, and it could pay no more debts legally than the same amount of silver dollars could pay.

Third. That if Europe became afraid to sell us goods and take their pay—as some imagine—in silver, the result would be that they would have to pay for our products—of which they must continue to consume large amounts—in money instead of goods, and that would bring gold into the country instead of taking it out.

Fourth. They have no stock of silver, outside of their own silver coins, that they could use to pay us or to "dump" upon us, as some express it; and besides this condition existing their own coinage of silver is on a basis of 15½ to 1 of gold, so they would lose one-half ounce of silver out of every 16 ounces sent us, as our ratio is 16 to 1. So silver will not come.

Fifth. There would as a first impulse probably be a tendency to send their holdings of United States bonds in Europe back to this country. The result of that would be that interest payments thereon would stay in this country instead of being as now a constant drain upon us and a present means of withdrawing gold from us at their option. These returning securities would require a portion of our gold supply unless in their need of our wheat, cotton, and other staples they preferred to leave the gold with us and take our staple products which at any rate they must have.

Sixth. The mint price of silver under free coinage becomes \$1.29 per fine ounce instead of a present market price of 65 cents per ounce. With our use for all of it at home Europe would still have to get supplies of silver for their Asiatic trade and would have to give also \$1.29 per ounce for it, as I have already shown.

Seventh. But lessening the demand on gold by bringing silver into fuller use for money would tend to cheapen gold throughout the world as well as here. So, as silver went up to mint price, gold would tend to come down or be less valuable than before.

Eighth. The more thoroughly silver under free coinage would stay at home, as some hold, and accumulate in our circulation and vaults the further we would be removed from panic and failure on account of coin redemption of all coin obligations.

The history of gold movements under the adoption of the Bland-Allison silver law of 1878 will verify these claims. (See testimony of St. John on this.)

DOES SILVER COINAGE INCREASE EXPORT OF GOLD?

In addition to evidence already quoted let us add that from the excellent tables prepared by Maurice L. Muhleman, cashier of the United States subtreasury at New York, we find the following facts, showing that the increase of our stock and coinage of silver, instead of driving gold out of the country, as the goldites then prophesied and still do, the effect is exactly the opposite.

The figures are given by the author in round numbers the more readily to indicate the general fact.

Our entire stock of gold in this country at the end of fiscal year 1877 was \$145,000,000. Restoring silver to coinage under the Bland-Allison act of February 28, 1878, was followed by acquisition and coinage of \$16,000,000 of silver the first year. Instead of loss in the stock of gold there was an actual gain of \$68,000,000 in gold.

The prophecy of the goldites was wrong and that of the friends of silver was right.

During the next year there was a gain in silver of \$25,000,000. Did it drive out gold?

On the contrary, there was a gain of \$33,000,000 in gold. And going on increasing our stock of silver the following year \$23,000,000, there was also an increase of \$106,000,000 in gold, and while our stock and coinage of silver kept on upward there was another addition to our stock of gold of \$126,000,000 the next year.

The same tendency for gold and silver stock to accumulate together in a country is noticeable in the total general results. While our stock of silver has increased to a total of \$538,000,000 at end of fiscal year in 1893, our stock of gold also was \$592,000,000.

SILVER LESSONS FROM OTHER NATIONS.

The most recent available statistics showing money systems and aggregate stocks of the various countries of the world, on page 180 of the Coinage Laws and Statistics, prepared by the present Senate Finance Committee, show the following: The two countries having the greatest stock of silver in the world, except India, are France and the United States, and these two countries instead of losing their gold have accumulated and hold the greatest stocks of gold also.

Enlarging the use and coinage of silver then does not drive out gold but seems to have in a general way the exact opposite effect. The philosophy of this is that whatever conditions of finance and trade enables a country to best utilize its productive energies and accumulate either of the precious metals enables it to accumulate and to hold both.

Dismiss, then, your fears, Oh, ye timid, that by unlimited coinage of silver you will drive gold from us or throw us for any length of time upon a silver basis.

With the bitter irony that students of monetary science in Europe ought to appreciate the gold standard British bankers themselves at the time of the Barings failure had to go to France for help and for gold—to France, where not only a very large volume of silver money exists, but where the Bank of France insists on using silver as a money of redemption at her own option, and not the option of others, as is the case at our Treasury.

THE ENTIRE MASS OF MONEY MEASURES THE ENTIRE MASS OF WEALTH.

Again recalling the illustration of the lever, with money and the banks on one end of it and property and the people on the other, I wish to spend a little time in speaking to you of the entire mass of money on one side and its divisions, and of the entire mass of wealth or property and its divisions and price or valuation and measurement of its divisions on the other side.

When we speak of the value of money what is generally understood is that we are referring to each unit or dollar measured in prices of other things.

By proper subtraction of all money now held in bank reserves, in secret hiding, in hoarding to await revival, and in the congestion of money in the deposit banks of reserve cities, we shall find there is not over \$500,000,000 in actual circulation against \$50,000,000,000 of wealth.

Before this late "bankers' panic"—the panic of 1893—the valuation of the wealth was at least \$50,000,000,000, but we must allow at least 15 per cent for shrinkage in the wealth.

So there is to-day one dollar in money, approximately, for every hundred dollars of wealth or property, or about 1 per cent, and if we do not make the subtractions for congestion of currency in banks it may amount to 2½ per cent.

Senator Plumb, in 1890, in June, said:

If I was deciding this case [the actual number of dollars in circulation] upon what I consider the best evidence, I would be bound to say that I believe the money in actual circulation did not much, if at all, exceed \$500,000,000.

Now, Mr. Chairman, having such high justification of the reasonableness of my estimate of the number of dollars in actual circulation as the case stands under present conditions of money stringency and record-breaking decline of prices resulting therefrom, let me go on with my elucidation of relations between the units of money and their entire mass on one side and the entire mass of property on the other side, subject to exchange for money.

Our entire mass of actually circulating money is then divided we will say into five hundred million parts, which we call dollars or units of valuation in our monetary system.

Let us compare these units now with some specific part of exchangeable wealth to see where prices are ranging.

Our illustration will be true whether you regard five hundred million or fifteen hundred million parts or dollars as the present circulation.

Each of the parts now equals in value two bushels of wheat, which gives us 50-cent wheat, or two bushels to the dollar.

If, now, we would divide the entire mass of money in circulation into double as many parts or dollars, making money twice as abundant, then it would take two parts or dollars to equal the two bushels of wheat.

This must be clear to all and would give us dollar wheat instead of 50-cent wheat.

As we divide the mass of money into greater numbers of parts we multiply or increase the price in same proportion.

Now, suppose we divide the mass into fewer parts than the present status, then each part will be larger or of greater value or purchasing power. If we divide the entire mass into only one-half as many as now exist, then we have exactly doubled the value of each part or monetary unit—and so our one dollar for

two bushels changes its ratio into one dollar for four bushels, which gives us 25-cent wheat.

And if the gold standard contractionists shall continue their processes to produce by contraction what they call the "highest and best dollars" we will yet see 25-cent wheat in Chicago, and cotton 3 cents, and all other things reduced in proportion.

It is idle to talk about reaching bottom in prices or to claim that the industrial world can not see prices go lower.

There is no bottom, except that which stands on the number of dollars in circulation, and if Congress perpetuates the present banking system, with unlimited bond issues, or enacts this present so-called Carlisle bill, which, to an equal, if not greater degree, puts the power to control the aggregate circulation into the hands of banking corporations, then as certainly as the law of gravitation regulates the general movements in planetary systems so sure will these corporations control and regulate price to add to their own gains and those of their favorites at the loss and expense of the laboring and producing world.

They will, as far as they are able to act in concert, contract circulation and price when they desire a period of liquidation and settlement, and then expand the circulation and boom prices when they wish to sell back to the people the harvestings of their periods of panic and liquidation.

This is the elasticity they want, the india-rubber game they have been playing for twenty-five years, and the game they still will play if they can get bonds enough on the one hand or the Carlisle bill on the other.

It is like the great wickedness of the Israelites of old in changing standards between the periods of buying and selling, against which iniquity and robbery the prophet Amos hurled his vehement utterances:

Hear this, O ye that swallow up the needy, even to make the poor of the land to fail.

Saying, When will the new moon be gone, that we may sell corn? and the Sabbath, that we may set forth wheat, making the ephah small, and the shekel great, and falsifying the balances by deceit?—Amos, viii 4, 5.

The modern method is much more subtle and unobserved by many of the producers of the land, but far more effectual and far reaching than any scheme the Jews had ever invented until within the last two centuries. Their game now is not to change weights and measures between the periods of buying and selling, but to change prices, so as to take in wealth at depressed and panic prices and then reverse the processes, expanding so as to sell back again at high prices on gold contracts until the next period of contraction, panic, and liquidation.

Yes—"elasticity of the currency" is a catchy phrase for the game.

Loading the dice and packing the cards are such dishonorable methods that few gambling houses can maintain their reputation by such tricks; but they are comparatively harmless beside the game the money power seeks continuously to play, by their tricks of gold redemption and bank issuance in which all the people are involved.

When the bankers of Wall street started in the spring of 1893 to give us an object lesson, aided by those who sit in high position, and aided further by the fine hand of the European gold conspirators in the sudden demonetization of silver for the subjugated people of India, did they not successfully teach us the lesson of contraction?

They not only suddenly contracted bank circulation thirty to forty millions of dollars in a few months, but they pushed all the associated and corresponding banks into shortening up their loans and credits at the same time. They followed this after October, 1893, with such an expansion as suited their purposes. This is the elasticity game well exhibited. Then since that they have secured an issue of \$100,000,000 in bonds under the claim of maintaining the supposed gold redemption basis, paying for the bonds largely out of gold that they loot from the Treasury under the pretense of helping the Government maintain parity and its gold reserve. Although these bonds are of very doubtful if not absolutely illegal issue, yet doubtless they intend using them largely as basis on which to expand the currency.

Is not this object lesson enough to show what elasticity for the banks means to the people?

Is it not sufficiently evident, Mr. Chairman, that the banks ought to be deprived forever from having anything to do with the issue of currency, and, as Jefferson taught, that bank issues should be suppressed, and the circulation be restored to the Government, where it properly belongs?

If we can not learn from these lessons, and from the threats of their insolent power, often given, and, on the other hand, from the teachings of the fathers of true Democracy, from the teachings of eminent authorities and the testimonies of able financiers in every country, and from the lessons of history and the ruin of our industries and our people, then when can we learn the curse of submission to the bank and bond and gold conspiracy?

Our enemies are united in both Europe and America and throughout the world.

The invisible empire of wealth is not bounded by the shores

of wide salt seas nor by the snow-capped mountain ranges that have through long centuries bounded and limited the usual aggressions of national power.

Its conquests are the wealth of the all-trading nations; its victims, the helpless people of all climes; its demands, the patient toil and slavery of all races; its instrument, gold redemption bank money.

If there is one thing above others that it has hated and feared, it is that America and her legal-tender greenbacks might live and teach mankind to provide their own money independent of the banks.

When we see the insolence with which the gold conspirators seek to plant themselves in power, may we not say of them as Cicero against Cataline said:

How long, O Cataline, wilt thou abuse our patience? Art thou not daunted by the nightly watch posted to secure the Palatium? Thy wretched conspiracy is laid bare to every man's knowledge here in the Senate. We are well aware of thy proceedings last night. Alas the times! Alas the public moralist! The senate understands all this. The consul see it. Yet the traitor lives! Ay, truly, and confronts us here in council; takes part in our deliberations; and with his measuring eye marks out each man of us for slaughter.

And may we not say as he again said against the rich and strong tyrant praetor Verres, in which Cicero so strongly pleaded for action on the higher motives:

O liberty! O sound once more, once more delightful to every Roman ear!

Once sacred—now trampled on! Is it come to this? Shall nothing restrain the merciless monster who, in the confidence of his riches, strikes at the very root of liberty, and sets mankind at defiance? And shall this man escape? Fathers, it must not be! It must not be unless you would certainly undermine the very foundation of social safety, strange justice, and call down anarchy, massacre, and ruin on the commonwealth.

SHOULD WE INCREASE THE VOLUME IN CIRCULATION?

I have already referred to the volume of circulation.

It is not the absolute volume of currency in circulation that endangers prosperity so much as the variations occurring in the volume after business is established.

It is by the change of the money end of the lever up or down that carried the property and people's side of the lever up or down in opposite directions. The general range of prices when money was abundant at the close of the civil war marks a proper level. Shrinkage from those prices was what destroyed the equity of time payments.

The changing of circulation disturbed price and valuation of all these things, and so broke the demands of equity.

It is impossible to maintain prices and secure an equitable share of profits to producers on a shrinking volume of currency.

In speaking on this subject, and having reference to the contraction and expansion of the currency indulged in by the banks of issue during his day, Mr. Webster said:

It is hardly necessary to dwell upon the evils of a suddenly diminished circulation. It arrests business; puts an end to it, and overwhelms all debtors by the depression and downfall of prices; and even if we reduce circulation not suddenly, but still reduce it further than is necessary to keep within just and reasonable limits, it would produce many mischiefs; it would augment the necessity of foreign loans; would contract business, discourage enterprises, slacken the activity of capital, and restrain the commercial spirit of the country.

To keep up the increase of currency with the increase and development of business and population is no relief, for that simply prevents an actual relative shrinkage.

I know of no method to exactly measure the volume of business and exchange in our country, buying, selling, and paying debts. We can approximate to it by taking the population of a country as a basis and stating circulation as being so much per capita.

This, all points considered, is perhaps the best term to use.

But when it comes to determining what number of dollars per capita should be in circulation I do say that we have an infallible index of a departure from the proper circulating volume when we see a general decline or fall in prices.

When that is detected, the true method to be used by Congress, if it seeks the welfare of the whole people and the maintenance of equity on all time contracts, is to begin at once to increase the volume of currency to cure the evils of falling prices.

Expand the currency until the general average of prices is restored and all the productive energies of the nation are utilized to the best advantage. When this point is reached the circulation is right and the volume is proper.

THOSE WHO PLEAD FOR EQUITY MUST DO EQUITY.

The creditor portion of the community have no right to complain of expansion, for they have had the benefit of twenty-five years of contraction. "He who demands justice must administer justice," is a good old German maxim.

Starting to correct wrongs as we find them, however, and not undertaking to reverse the contraction methods of the money power and creditor world any further than necessary to provide for the present and future protection of the people from the financial wrongs they have suffered, we should not expand the circulating currency volume only to that point where prices are restored,

profits accrue to legitimate industrial effort, and labor is fully employed at remunerative wages.

These good, price-restoring results of expansion of the currency may be reached at \$40 per capita. If so, stop at that and keep the volume substantially uniform in relation to business at that ratio. If the full and profitable employment of our productive forces are not secured at \$40 per capita, as I have said, issue more, for we should never stop short of issuing and coining together the requisite amount to secure the results of restored prices and activity.

The best and most productive and prosperous times we have ever had in this country was at the close of the war or soon thereafter, when the circulation was slightly above \$50 per capita, and no men nor class of men were suffering any injustice by reason of the good times secured.

CURRENCY CONTRACTION FOLLOWED THE CLOSE OF THE CIVIL WAR.

I will submit the table published in the Chicago Inter Ocean, which circulates largely in the West, and is high authority among Republicans there:

The volume of currency was for—	The volume of currency was for—
1860.....\$50.70	1872.....\$17.00
1867.....36.63	1873.....17.43
1868.....22.06	1874.....17.89
1869.....19.80	1875.....17.35
1870.....19.39	1876.....15.89
1871.....19.47	1877.....14.40

This table shows gradual contraction down to the year 1877.

In the same connection, the Inter Ocean makes this remark in regard to the circulation of the 7.30 notes, of which at one time there were over \$800,000,000 out:

The 7.30 three-year notes, whose circulation as currency is most scouted, were outstanding on the 1st of September, 1895, to the amount of \$800,000,000, every dollar of which was legal tender for its face value under the terms of the law "to the same extent as United States notes."

Gen. John A. Logan in 1874 (from page 139, CONGRESSIONAL RECORD of that year), in a speech he made in this body, said that there had been at that time a contraction of over one thousand million dollars (\$1,018,167,784).

He once was high and honorable authority in the West.

General Grant said in his message of 1873:

In view of the great actual contraction that has taken place in the currency, and the comparative contraction continuously going on, due to the increase of population, increase of manufactures, and all the industries, I do not believe there is too much of it now for the duldest period of the year.

Speaking of the volume of money—

During the last four years the currency has been contracted directly by the withdrawal of 3 per cent certificates—compound-interest notes and 7.30 bonds—outstanding on the 4th March, 1890 (all of which took the place of legal tenders in the bank reserves), to the extent of \$33,000,000.

During the same period there has been a much larger comparative contraction of the currency. The population of the country has largely increased.

As the annual increase of population is 3½ per cent, to even keep pace with it, if we did nothing else, would require over \$50,000,000 additional currency per year. We should issue more in addition to this annual demand to secure any increase and relief.

In a full discussion of this question of circulation we should take into account the marvelous increase of business through all the various new appliances and rapid development of our country. To keep up with this alone would require great additions to our currency. But when banks desire the appreciation of money and the consequent depreciation of prices, what care they for the ruin of industry and property prices?

If we compare our money circulation to the wealth of the country as generally estimated, it is 2½ per cent. We ought to have more nearly 5 per cent circulation.

That of France is 4 per cent; Belgium, 3.2 per cent; Italy, 3.1 per cent; Portugal, 4.6 per cent.

With our greater expanse and variety of business and our people scattered across an entire continent we ought to have more than any of these.

CHEAPER MONEY IS NECESSARY FOR RELIEF AND EQUITY.

The same question is pertinent as to silver coin and money coined from silver in possession of the Government.

How can the Government get this silver money into circulation if it does coin it?

We answer, by paying it out in current expenses and on all coin obligations. But our opponents will say that by issuing paper money or silver money and putting it into circulation, in addition to the money now out, will so increase the supply or volume of money in circulation that money will become too cheap.

This is the plea against free coinage of silver and is also against the issue of legal-tender notes by the Government. It makes money too plentiful and too cheap, say our opponents.

Too plentiful and cheap for whom?

I know that increasing the volume by adding any kind of money to the circulation will make money cheaper; and so will withdrawing money from circulation make money scarce and dear and high in its purchasing power.

But who is harmed by making money more plentiful and cheap?

Surely not those who have been suffering from falling prices for the last twenty-five years by money having been made too dear.

I have never uttered a word favorable to a careless and unlimited expansion of the currency.

I have protested against making money too abundant on the one hand, and against making it too scarce and dishonestly dear on the other.

But the coinage of all silver offered, or the issue of a certain amount of Government legal tender strictly limited to reasonable bounds, as I have suggested, will not make money too cheap for all who own or produce other properties than money, bonds, and mortgages. It tends to bring the value of our dollars in circulation back again to that ratio to property and price that formerly obtained.

MORE MONEY MEANS MORE INVESTMENTS IN OTHER PROPERTY.

And then it will pay to invest money in lands and products of field, farm, and factory, for profit will then follow these industries.

Even bankers would, many of them, seek to invest money in the various forms of property, produce, and manufacture.

Hear what Mr. George A. Butler, bank president, had to say of the advantages accruing to property if silver were even paid out freely on our coin obligations by the Secretary of the Treasury.

I quote his testimony before the Banking and Currency Committee of this House on December 12, page 153 of the hearings:

Mr. BLACK. I will ask you even a broader question than that. I should like to get your opinion as to the effect of the Government establishing the policy, as to redeeming this paper currency, of exercising its own option whether it would pay in silver or gold, rather than to let the holder decide that question for himself.

Mr. BUTLER. I can not answer that any better than to say this: The very hour that I am convinced that the Government will do it I will sell every dollar's worth of personal property I have on earth and invest it in real estate.

Mr. ELLIS. Why?

Mr. BUTLER. Because that brings the country to a silver basis and eliminates more than half the value of personal property in the form of stocks, bonds, mortgages, and everything of that sort.

Mr. HALL. Would it not affect real estate in the same way as personal property would be affected?

Mr. BUTLER. No; because in the case of real estate you can put up the rents in proportion. Before the last election I was intending to do this, and, indeed, commenced, but then the election occurred, which was not so favorable to the silver men, and I thought better of it and stopped.

Remember that the personal property to which he refers, as he explains, is such as he owns—"stocks, bonds, mortgages, and everything of that sort." Personal property, the product of factory or field, goes on the other side.

A very intelligent friend of mine, another bank president, took the same position with me in conversation on the silver question. If money becomes abundant enough to raise prices and make products and property profitable, then even the bankers will invest in property. They will invest on the side of property if it once gets out from under the domination of high and scarce money.

They see as clearly, it would seem, as anybody, that with an increasing volume of money the property side of this controversy with the banks will become profitable by reason of improved prices.

EFFORTS OF CHEVALIER AND THE INCOME CLASSES OF EUROPE TO DEMONETIZE GOLD FORTY YEARS AGO—GOLD DESPISED IN 1893.

Mr. St. John, president of the Mercantile National Bank, New York, said before the committee:

Our "goldites" would dismiss all this on the ground of an overabundance of silver. Had the most influential doctrinaires in money in Europe been as influential with lawmakers in 1893 as our aforesaid tutor was influential with law dictators in 1893, France would have closed her mints to gold. Silver monometallism would have been the coinage system of the world. Chevalier threatened France with an abundance of gold as cheap and overwhelming as iron. Silver is the overabundant prediction of our influential doctrinaires. Note, however, that \$5,000,000 worth of silver bullion is at this moment an overestimate for the world's distributing markets' supplies of silver.

Senator JOHN P. JONES in the following marks the parallel between Chevalier and the French bondholders of that day and the same class of to-day:

THE EXAMPLE OF FRANCE IN DEALING WITH BONDHOLDERS.

The attempt of the American bondholder to get the word "coin" erased from his contract, and to get written into its place some word which would describe a coin that was always getting dearer, is not the first attempt of the kind in history. A similar attempt was made on behalf of the French bondholders after the discoveries of California and Australia. Gold was then the metal that was becoming cheap money, and the French bondholders took ready alarm at the prospect of the purchasing power of their incomes being reduced by the inflow of the new money. They found, as all bondholders find everywhere, ready and pliant agents and advocates in the literary guilds.

Chevalier and those in accord with him made a demand for the payment of the bonds of the French Government in silver. Their cry was for honest money. It is the same cry that we hear now, and have heard for more than twenty years. It was a demand for a payment of the money that was becoming dearer. For it appears that when money is becoming dearer it is honest money, while if wheat and cotton become dear, which means that money is becoming cheap, the wheat and cotton are dishonest and fraudulent.

Chevalier demanded the payment of the bonds in silver. In order that the people might suppose that he had some ground in reason for his demand he maintained that silver had always been the money of France, and that when people bought the bonds of the Government they supposed they were buying bonds payable in silver—very much the same sort of argument that has been used in the United States, except that in this country the demand was for bonds payable in gold.

This ruse did not work, however. The officers of the Government refused compliance with the demand. They declined to transfer to the creditor the option which the people of France had reserved to themselves. That they were right no man but a bondholder could have the hardihood to deny.

Our modern Chevaliers have been more successful. * * * He (Chevalier) was arguing that gold would probably depreciate one-half in purchasing power. It was for the national creditor that his sympathies were aroused, and it is for the national creditor that the sympathies of the bankers are now aroused.

"All commodities—"

He continued—excepting gold (the money that was growing cheap) and every kind of property excepting that of which the incomes, from the present, fixed, as is the case with Government funds ought, from the moment that the monetary crisis is terminated, to have attained in a gold currency double the price which they are at present worth."

His opinion then was that the price of commodities and of property, except Government funds, would "double in price." How was it with wages—the reward of the workmen? Were they to continue low as before while prices were rising? Chevalier says:

"It will be the same eventually with the wages of labor [that is to say, wages would double], and with all personal services, whether rendered in the factory or on the farm or from the liberal professions." * * *

"It is another class of persons," he says, "whom we have previously defined in a general way (the national creditors) who have to submit to a sacrifice in the proportion to the fall in the precious metal."

WILL HIGHER PRICES DRIVE GOLD TO EUROPE?

My friend from New York [Mr. TRACEY], my colleague on the Coinage Committee, now kindly honoring me with his attention, is, however, fearful that the rise of prices will drive gold out of the country.

There are a few points that I wish to make on this question in addition to what I have already said.

First. Gold in export goes as a commodity at its commodity value in exchange for other commodities.

Whatever nation bids highest for gold in such exchange—that is, gives greatest quantity of other goods for gold—will get the gold, on the same principle that they would get wheat or any other product for gold in international trade as a commodity, to be bought as such.

When prices are so low on other things that nations can better afford to take them instead of gold, they will go to settle balances of trade, and gold will stay.

When, however, prices rise on other articles above the commodity or mercantile value of gold, then gold will go out in export.

It flows then toward countries of low prices on other articles. High prices, however, can not obtain on other articles without money volume is ample. So we can be sure gold will not leave us until other money is in circulation to more than take its place—enough more to raise prices of other property.

Even the matter of distrust regarding our bonds and securities abroad so often mentioned do not entirely set aside these economic forces, as some suppose.

Suppose a hundred millions in bonds should be, so to say, sent back to us from England suddenly.

The payment is not necessarily in gold; it is in wheat and cotton if they can take them to better advantages in exchange for our bonds, and that depends entirely on the price of wheat, cotton, etc.

Gold will not go, then, unless other money is so abundant that prices are up or rising, and in that case, mark you, we can easily spare the gold.

We can get along without it while other money is sufficient to keep up prices.

If, however, we have bar money dependent upon gold redemption, bankers must hold gold, or must contract their paper currency at the same time gold is being reduced by export, then the contraction resultant quickly forces prices down so low that our other products will be taken instead of gold.

Let Government issue our paper money as far as necessary and silver be freely coined, then the outflow of gold should excite no alarm, for our money is sure, founded on the law of the Government.

Gold going abroad under these conditions would be profitable to our people in many ways:

First. Having other good money to take its place, we would get for it value in other things more than it would be worth to us for money uses.

Second. It would swell the prices in Europe by increasing money volume there so we would get higher prices on all of our exports to those countries.

Third. And by silver being accepted at our mints freely at \$1.29 per ounce, Europe could not longer buy wheat in India with silver at 65 cents per ounce, but wheat would at once rise to meet the new price on silver.

VALUABLE MONETARY FACTS—MOVEMENT OF GOLD.

From valuable tables by Maurice L. Muhleman, cashier of the United States subtreasury at New York, found in his Money of the United States, we derive the following:

Table showing gold and silver movement 1873-1893, page 60.

From 1873 to 1877 exports of gold were against us \$127,000,000 in a period of silver demonetization complete, neither one of the five years securing us any gold by international trade.

From 1878 to 1883, the first period of coinage of silver under the

Bland Act, we gained an excess of import over export of gold every year amounting in six years to \$187,000,000.

Coinage of silver did not drive out gold, therefore, as our monometallists claim, but had the direct opposite effect of increasing our gold by trade with foreign nations, and at the same time our product of gold mines was increased from \$184,000,000 during the first five-year period preceding the coinage of silver under the Bland Act, to \$200,000,000 during the next five years.

After the passage of the Sherman silver-purchase act which we were told would drive out gold, the reverse was true again, for we saved all our product and gained in three years, July 1, 1890, to July 1, 1893, \$156,000,000 by international trade, gaining \$68,000,000 of this the first year after said act.

Now, since the repeal of all laws favorable to silver we are losing gold by international trade at an alarming rate, and that, too, while Europe could get our products instead of gold at lower rates than ever before.

These great facts and experiences are all against the claims of the advocates of silver demonetization.

On silver we have exported more than we imported every year from 1873 to 1893, as shown by the tables, so again the evidence is that by reason of the European and Oriental demand for silver for their own coinage there is no danger of silver becoming too abundant by free coinage in America.

In studying questions of banking, it will be well to notice the growth of the deposit feature of banks in this country.

GROWTH OF DEPOSITS IN BANKS.

We give the following on the authority of Muhleman, page 59. The period from 1873 to 1893 is the period we have taken:

National bank deposits start at \$673,000,000 in 1873—silver demonetization act. They continue nearly same for six years to \$677,000,000, in 1878—ending demonetization period.

They grow next six years to \$1,099,000,000, in 1884—during Bland Act period. They grow next six years to \$1,759,000,000, in 1890—during Bland Act period. They grow next two years to \$2,022,000,000, in 1892—silver purchase period.

So the growth of deposits is threefold during the fourteen years of partial silver coinage, and practically nothing during six years preceding, and they drop again in 1893 to 1,575,000,000, being year of purchase-clause repeal. Again during and succeeding panics deposits fall short. Notice the shrinkage in 1877 and 1878, 1884 and 1893, panic years. State-bank deposits increase nearly fivefold, being \$111,000,000 in 1873, and increasing, except during panic years, to \$648,000,000 in 1892. Savings-bank deposits increase to more than double, \$802,000,000, in 1873, growing, except during panic years, to \$1,712,000,000 in 1892.

People seem to distrust banks, especially national and State banks, during years of panic or financial disturbances; but banks also seem to distrust the people, for, as Muhleman points out, "the only two years" wherein cash reserves equaled 20 per cent of deposits were 1874 and 1885, "years succeeding panics."

These accumulations of cash in banks following panics are often claimed to be evidences of abundance of money, but they are in fact evidences of the flow of money out of active channels of trade and away from investments into the money centers owing to the preceding contractions and withdrawals of credit, which, breaking down prices, render all business and property investments unprofitable.

If we take New York City and large cities alone we will find, as to-day, excessive congestion of idle money in the money centers.

A GLEAM OF LIGHT ON THE MONEY QUESTION FROM BOSTON.

We have found most excellent treatment of some of the essential elements of monetary science in the brief monthly letters of Cox, Bickford & Co., bankers and brokers, of Boston.

In their circular letter of March 1, 1894, they say, in defining money and quoting J. S. Mill:

We stated in our February letter that money is a function or relation, not a commodity; that its value can not be intrinsic under any circumstances, not due to its first cost of production, as is the case in the general range of commodities, but is clearly expressed in what it exchanges for; i. e., the general range of commodity price.

"The value of money is to appearance an expression as precise, as free from possibility of misunderstanding, as any in science. The value of a thing is what it will exchange for, the value of money is what money will exchange for—the purchasing power of money. If prices are low, money will buy much of other things and is of high value; if prices are high, it will buy little of other things and is of low value. The value of money is inversely as general prices, falling as they rise and rising as they fall."—James Stuart Mill.

Before such an authority as the above, and such a plain statement of the value of money, what becomes of the term "the intrinsic value of money," so often repeated as to have become a popular by-word, a plausible falsehood, generally credited without a particle of proof and only bearing conviction to its hearers through constant reiteration.

The value of money is not, and can not, in the very nature of its function, be intrinsic.

"The value of money is inversely as general prices, falling as they rise and rising as they fall," and therefore dear money is expressed in a low range of prices, while cheap money attends a high plane of general prices.

Contraction is the compression of prices to a low level, always attended by dear money, while inflation is the expansion of prices to a high level, finding expression in the term cheap money.

Falling prices is the sure index of a rising value in money, while rising prices is the exact reverse, or an indication of the decreasing value of money.

The stability of money is the all-essential of an honest standard of value and is of inestimable worth in maintaining the equilibrium of civilized effort and the equitable distribution of the wealth of production.

Unstable money, one that is either appreciating or depreciating in value, is thoroughly dishonest.

These are such clear-cut statements from practical bankers that I am pleased to quote them as indorsing so forcibly what I have claimed on these points:

1. That there is no intrinsic value in money.
2. That volume controls and regulates value of money.
3. That the unstable money of either unduly contracted or expanded money is dishonest money.
4. That the value of money, like other things, is what it will exchange for and is so measured by the general range of prices.
5. That money is a function and not a commodity.

BOTH EQUITY AND PROSPERITY DESTROYED BY FALLING PRICES.

Unstable money, caused by change of volume, and especially appreciating money, caused by contraction, is not only dishonest toward people who have invested money in property and productive enterprises, but when seen in its action on those who have contracts to pay in dollars, it is a crime that even ignorance ought not to excuse.

Look to the range of prices if you would determine the extent and grade of variations in money.

Tables of prices covering the average prices of a certain period on leading commodities have been prepared by many able statisticians to determine the relative value of money. Such averages over quite a large number of staple articles are called index numbers.

Mr. Augustus Sauerbeck, a gold monometalist as far as his interests are concerned, made a most thorough set of price averages or index numbers that has been published by the Royal Statistical Society of England.

To obtain a base line, or starting valuation, with which to compare the range of prices, he takes prices in gold for ten years, five of which precede and five succeed the year in which silver was demonetized, 1873, and calls this average 100.

This will show the value of gold rising in nineteen years, given in table, to nearly double its purchasing power as it stood in 1873, prices falling about one-half from 1873 to 1891. I quote his tables from the Boston circular mentioned, in which the various prices of commodities are averaged in groups of different lines of staples. I have also added from another source Sauerbeck's table of average prices of silver bullion for period 1874 to 1892 so as to show how silver and commodities compare.

Wholesale gold prices of commodities in England.

	Vegetable food, wheat, etc.	Animal food, meat, etc.	Sugar, coffee, and tea.	Total food.	Minerals.	Textiles.	Sundry materials.	Total materials.	Grand totals.	Index number of silver, 1874-1892.
1873	106	109	106	107	141	103	106	114	111	100
1874	105	103	105	104	116	92	96	100	102	95.3
1875	93	108	100	100	101	89	92	93	96	93.3
1876	92	108	98	99	90	85	95	91	95	86.7
1877	100	101	103	101	84	85	94	89	94	90.2
1878	96	101	90	96	74	78	88	81	87	86.4
1879	87	94	87	90	73	74	85	78	83	84.3
1880	80	101	88	94	79	81	89	84	88	85.9
1881	84	101	84	91	77	77	86	80	85	85.0
1882	84	104	76	89	79	73	85	80	84	84.9
1883	82	103	77	80	76	70	84	77	82	83.1
1884	71	97	63	70	68	68	81	73	76	83.3
1885	68	88	63	74	66	65	76	70	72	79.9
1886	65	87	60	72	67	63	69	67	69	74.6
1887	64	79	67	70	69	65	67	67	68	73.3
1888	67	82	65	72	78	64	67	69	70	70.4
1889	65	86	75	75	75	70	68	70	72	70.2
1890	65	82	70	73	80	66	69	71	72	73.4
1891	75	81	71	77	76	59	69	68	73	74.1
1892										65.4

Mr. Robert Giffen, statistician of the London Board of Trade, in speaking on this subject, says:

We can say positively that the recent change from a high to a low level of prices is due to a change in money of the nature or in the direction of absolute contraction.

WHO ARE THE INFLATIONISTS OF THIS DAY?

I have hinted at the probabilities of inflation. I do not know of any Democrat who, contending for the value, safety, and perfect convenience of Treasury-note legal tenders, has ever yet on this floor proposed such a loose, gigantic, and uncontrolled and possible inflation of the paper money of the country as do the advocates of the present and pending plans of issuing currency.

I have no doubt but that the first effect of the adoption of the Carlisle plan would be an inflation of the currency.

Neither do I doubt that the first effect of this inflation would be a rise in prices and a temporary relief for the people generally.

It would be a convenient time in which people could get out of debt on the rising prices, great profits, and general prosperity.

The remonetization of silver possibly could not appreciate prices or cheapen the relative value of money, which is the same thing

as raising general range of prices, so rapidly, nor even to so great a degree, as could be done under the inflation of currency likely to ensue under the passage of the so-called currency-reform bill now pending. It would, for a time at least, set the people free from the intolerable monopoly of Wall street.

The aggregate volume of banking capital could and under the temptations for multiplied profits I believe would be increased to double the present volume, which is estimated, in round numbers, to be \$1,000,000,000, and indeed it might easily be swollen to three times the present amount as rapidly as men of wealth perceived that they could safely to themselves have the free and unrestricted use of \$100 for every \$30 they chose to deposit with the Government in Treasury notes.

It is useless for anyone to attempt to answer me on this point by saying that they would be restricted to the \$498,000,000 of legal tenders and Treasury notes now existing, for let it be remembered that all currency of the present national banks now issued on bond security can remain out under the proposed amendments and provisions of the substitute bill offered and supported by the committee.

The \$498,000,000 of existing Treasury notes as a 30 per cent safety fund deposit provides for an actual inflation of the currency on top of existing bank issues, which are permitted to remain in circulation, of \$1,600,000,000. From this should be subtracted the 30 per cent reserve to find the extent of inflation, which would leave over \$1,200,000,000.

Does any Populist on this floor at this time desire to distinguish himself by proposing a greater inflation than this by one single act of legislation?

The famous Coxey public-road bill, which bill I have never indorsed, although favoring a proper discussion of it, only proposed an issue of \$500,000,000, and even this he did not propose to make redeemable in coin on demand so to favor gold mongers.

No, Mr. Chairman and gentlemen, the inflationists of to-day are those who advocate plans for bank issues of currency. I have long seen that this great cry of the money power against inflation meant only that they were in favor of contracting Government legal-tender issues that have for so long a time furnished a safe, popular, and convenient legal-tender currency to the people, but they were all of the time in favor of allowing inflation of bank issues when it suits their private interests to do so.

They have cried out against fiat money, but they have been all of the time favorable to alternate expansions and contractions of currency under the fiat of the bankers. Many common laboring people can not see why the fiat of a bank is better than the fiat of a sovereign Government.

WHO WANT MONEY TURNED OUT BY PRINTING MACHINES.

They have cried out against running the printing machines of the Government to print greenbacks to pay out to the people for service or supplies, but they have all along been in favor of running these same printing machines to turn off millions of bank notes that they might loan to the people at high rates of interest. And under the present banking system they have insisted that they shall draw another stream of interest on their capital deposited in the form of United States bonds.

Surely the national bank forces understand that it makes a great difference to them "whose ox is gored."

I believe there are gentlemen on the floor of this Chamber who would split their throats, even, if they did not endanger the solidity of the cerulean skylights above them, in their efforts to decry any proposition to issue circulating notes to farmers, merchants, manufacturers, or any other class of citizens to any extent whatever upon their deposit of 30, 40, 50, or even 100 per cent of their capital, or property, or titles to property.

Yet these same Congressmen will vote and work for the passage of this bill, which proposes to issue millions upon millions of notes to the banks with unrestricted opportunity for them to put the same into circulation upon their deposit of 30 per cent of the amount of their circulation in that same despised fiat paper that they have sought so long to discredit.

To my mind, the jewels of consistency do not shine abundantly on the shirt fronts of such fellows.

THE PROPOSED COIN REDEMPTION BY THE BANKS.

But the Democratic advocates of this measure, if the term were permissible, tell us that they propose to relieve the Government of the responsibility of coin redemption of all of this volume of bank currency and throw that burden on the banks and off the shoulders of the Government.

How?

This bill fails to make any such provision. As long as any Treasury legal tenders are out, and practically also as long as coin certificates are out, they can redeem them in these.

If they shall struggle to accumulate gold in which to redeem these notes, notice the condition of competition for gold in which they place the Government. Does any one believe that if any sincere effort of the banks to accumulate gold coin in quantities sufficient to redeem any adequate supply of paper currency were made that there would be any chance for the Government to main-

tain gold payments of all of its maturing coin obligations and its current expenses? Hear Mr. St. John again regarding ability of banks to redeem in gold (Hearings, page 345):

Mr. JOHNSON of Indiana. What is your opinion of section 10 of the Carlisle bill?

Mr. ST. JOHN. My opinion of that is just what I said when I came here, that it is absolutely impossible for the banks of the United States to redeem a liberal issue of bank notes in gold. The possibility does not exist.

The Government now, without any serious competition from the banks, is unable to keep up a supply of gold on its present methods.

What, then, when 4,000 to 10,000 banks enter the field against the Government for the gold supply, to say nothing of the strained conditions that this situation would produce in Europe as well?

The retirement as a safety deposit of \$225,000,000 of legal tenders by the committee speak of as the probable result of the proposed act does not prevent the withdrawal of gold from the Treasury by any holders of other coin obligations, as well as holders of the remaining legal tenders. So there is practically no relief on the Treasury holdings of gold on this theory.

But if there were, still the annual expenditures of the Government must, on the vicious "parity" idea, be payable on demand in gold. So, after all, the burden of maintaining the gold standard still rests on the Government.

A PERMANENT AND REASONABLE EXPANSION IS DESIRABLE.

Let no man conclude that I am opposing an expansion of the currency either by silver coinage or by the issue of full legal-tender notes by the Government because they find me opposing the power of the banks to expand the currency under the Carlisle bill.

Expansion by the banks means also contraction by the banks as soon as they may desire it and are able to associate for it—which power of combination is, however, doubtful under this Carlisle bill; "hence these tears." Either this or it means a collapse more ruinous and more widely extended than any the world has yet seen by the gold redemption trick that promises yet never fulfills.

It is the dangerous elasticity quality of bank issues that I oppose, rendered still more dangerous by destroying legal tenders.

It is the perfectly safe and efficient expansion of currency, both of coin and legal-tender Treasury notes by the National Government, in proper form and quantity that I uphold, well knowing that this will prevent the manipulation of currency volume and property prices by the banks, and that equity can be easily maintained when the Government, recognizing that the money question is also and essentially the property question, shall turn its attention to rendering property and industry safe, prices secure, and equity to the debtors safe by constancy of circulation.

CAN THE BANKS MAINTAIN THE GOLD STANDARD?

But let us suppose for the moment that the legal tenders were all retired by the 30 per cent safety fund, and that by surplus revenues enough could be secured in gold (although no one, so far, has been able to precisely explain how) to pay off maturing bonds and interest on the public debt; and suppose enough of the present national bank issues are kept in circulation according to provisions of the amended substitute bill to permit the Government to receive them and pay them out except on import duties and public interest as now provided by law in current expenses; and suppose that the Secretaries of the Treasury continue the policy of keeping silver coins and coinage in complete subordination to gold under the anomalous pretense of keeping it equal ("at a parity") with gold, yet continue to receive silver in customs dues as now?

And suppose, however difficult it may seem to some suspicious mortals, that all of the banking corporations are honest and earnest in efforts to keep a full supply of gold coin on hand, both in their own vaults and at the redemption agencies designated for them, so that they can also maintain the gold standard of payment and note redemption, and thus maintain their honor and dignity, and at least consistency in turning out gold, "the money of the world," instead of the despised fifty-cent silver dollars that they say is such a cheat and swindle for creditors when forced upon them. Suppose all of these in accordance with the arguments and claims of our opponents, then what will be the financial condition and the probabilities of the banks maintaining coin redemption?

Here is the showing:

Circulation on \$498,000,000 deposited.....	\$1,660,000,000
Present bank notes retained.....	200,000,000
Due on deposits, all banks, estimated.....	3,728,418,819

Total bank debt payable in gold	5,588,418,819
Gold (probable) accumulations in banks	350,000,000

Uncovered paper and obligations	5,238,418,819
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We here have less than \$1 in gold with which the banks can redeem about \$15, or in actual test \$350,000,000 resting honestly and certainly on gold basis, and \$5,238,418,819 resting on the pale blue air of confidence.

Does anyone believe that gold redemption could be maintained against the first ripple of suspicion that would come against the

banks? To maintain public confidence the people have a right to demand an intelligent basis for that confidence. Why prate about wanting to establish public confidence, and constantly abuse that confidence? The basis here when examined shows that there is no just ground for confidence, and the whole superstructure would collapse on first disturbance.

But this is not all. The total stock of gold coin, by last annual report of the Secretary of the Treasury, in reserve and in circulation November 1 was \$564,733,578. Of this the national banks held only small amount, their entire holdings of specie (gold and silver both) on October 2, 1894, was \$237,250,654. In the above estimates, however, I have allowed that the banks might possibly accumulate \$350,000,000 in gold, leaving, say, only \$50,000,000 in Treasury and \$164,000,000 in circulation among the people in gold.

While considering the vast superstructure of bank obligations, resting on gold basis of less than one-tenth the promises of the banks, let us also notice that the total debt of all kinds in the United States is \$30,000,000,000, and all of this is resting on a pivot of \$564,000,000 gold, which is less than 3 cents in gold on the dollar of debt.

The impossibility of maintaining gold redemption by the banks is clear to every conservative mind that will study the facts.

Even with unlimited coinage of silver the redemption of such a superstructure of credit in both gold and silver is still exceedingly doubtful.

If anyone believes I have estimated the issues of bank paper too high, let him remember that if the whole body of legal tender is not deposited in the 90 per cent safety fund which would give the \$1,660,000,000 circulation, as in my estimate, then whatever is not so used remains in circulation and can be used to pump gold out of the Treasury, as now, being used over and over again. It would leave the Government still responsible for the redemption in gold and throw it in sharper competition with the banks in the general scramble for gold.

What is the remedy?

First. Bimetallic basis by free coinage of silver so to enlarge the money of specie redemption.

Second. Pay out silver as well as gold at the option of the Government, and as its own interests might appear.

Third. Suppress bank circulation and issue legal-tender Treasury notes instead, and increase the volume to equalize against any or all exports of either metal.

THE BLAND FREE COINAGE SUBSTITUTE BILL.

To this end, and as the nearest approach possible at present time to a complete remedy and safe American system of money, for the protection of all against the schemes of the European gold power and all of its Tory allies in this country, I shall favor and vote for the Bland free-coinage substitute.

It provides first for the unlimited coinage of silver at the old ratio, to the end that silver coinage may be restored to the American people from whom it was taken away by the cunning and treachery of the Anglo-American gold and bond conspiracy.

Bimetallicism and the equal coinage of both gold and silver into standard money without discrimination against either, and without any entangling foreign alliances or agreements, is the best possible salvation for the maintenance of property values and prices and redemption of debtors in this country.

Persistency in the appreciation of money in the mad career after a gold standard will yet bring wheat and cotton and the general range of prices still lower, and this means the ruin of a majority of business men in all the ordinary lines of business.

Why further enslave our people to the money dealers and income classes?

The people must and will ultimately destroy every political party that upholds the gold conspiracy, or their ability to maintain freedom and equity is gone forever.

The second section of the Bland substitute bill provides for the issuance of coin notes for all depositors of gold or silver who prefer paper money to coin for currency, and these notes shall be full legal tender.

It is safe to say that nineteen-twentieths of our people prefer legal-tender paper money to either gold or silver for general use, and so any satisfactory system of money issues must provide for a legal-tender paper money.

The third section provides for the redemption of these coin notes in either gold or silver at the option of the Government, and proposes to enact into law the declaration of our last National Democratic Convention that there shall be no discrimination against either gold or silver coin in redeeming either coin notes or other Treasury notes now in circulation.

It provides also for the retirement of gold and silver certificates, and issuance of legal-tender coin notes in lieu thereof.

The fourth section provides for depositing gold or silver coins and receiving coin notes in exchange at any subtreasury of the United States.

The aggregate volume of coin notes put in circulation must not exceed the coin and bullion in the possession of the Government except in emergencies caused by panic or stringency in the money

market. The Secretary of the Treasury may at his discretion issue coin notes against United States bonds deposited with the Government, but the interest on such bonds while deposited shall accrue to the Government.

The limit of issue in emergencies is such that the coin and bullion shall not fall at any time below 60 per cent of the aggregate volume of coin notes outstanding.

Section 5 provides that the coin notes may be reissued.

EXCELLENT FEATURES OF THE BLAND PROPOSITION.

First. In the provisions of this bill it will be observed that all money coined or issued under it is Government money and legal tender.

Second. That the volume is automatically controlled in relation to the aggregate amount of coins and bullion in possession of the Government by present stock, by exchange, or by deposit.

Third. That ready expansion of the volume of coin notes is provided for to meet panic and emergencies to all persons or associations in exchange for deposited interest-bearing bonds.

Fourth. The interest on deposited bonds is retained by the Government while on deposit instead of being paid out to the persons or associations depositing them. This is right. Why should the Government furnish emergency currency to anybody and pay them interest on its own bonds at the same time?

Fifth. This is an elasticity where banking associations have no monopoly of control as to contractions and expansions, and gives all classes equal chance to obtain emergency circulation.

Sixth. It leaves the national-bank system intact, but destroys their ability to control volume and force a panic or stringency to the ruin of all others.

Seventh. It provides for a perfectly safe and immediate expansion of the volume of money in circulation.

Eighth. It at once relieves the Treasury from any further dangerous drainage of its gold supply and establishes an immediate and sure parity between gold and silver by admitting both metals at a parity to the mints and in payment of all coin obligations, and thus secures their full utilization at the old standard ratio as standard money metals.

I can not see on what grounds any sincere and patriotic Representative can oppose this bill with so much of relief and safety in it, and at a time when both of these things are needed. It will be notice to the world, and especially to the gold conspiracy, that America is yet to be maintained and governed in the interest of Americans.

We have already spoken of the questions of elasticity, convertibility into coin, and so-called security of note holders. We wish now to briefly refer to that subject again.

ELASTICITY AT OPTION OF THE BANKS IS DANGEROUS.

The advocates of bank issues seem to believe that elasticity, convertibility, and ultimate security are the great and necessary elements for the regulation of the currency.

On the question of elasticity we have shown that it is equivalent to sudden contraction and expansion at the option of the issuing banks; that is intended by them.

This is one point of the greatest possible danger of any scheme of bank issues, for it allows the appreciation and depreciation of the purchasing power of money to be constantly manipulated in the interest of the associated banks and to the detriment and frequent ruin of all others.

The appreciation of dollars means the certain depreciation of everything that the dollar measures, and so the interests of the people, the property holders and producers, are in this respect directly opposite that of the money dealers. This simple fact seems forever to be overlooked by those who favor allowing the banks to manipulate the volume.

Elasticity at the option of the banks, and without regard to the interests of the people, is therefore to be avoided.

Adequate supply of money in circulation independent of bank control is the sure safeguard to maintain prices and the equities of contract, and prevent panics and monetary stringency.

CONVERTIBILITY DOES NOT CONTROL VOLUME.

Neither will convertibility into coin furnish any safe regulation of the banks in the issuance of notes to circulate as currency.

All bank notes are issued, and will be issued under any of these systems, upon the theory that there is a dollar in coin, or as now in United States legal-tender Treasury notes, held in reserve with which to redeem, if called upon to do so, every dollar issued. But we know, and the people know, that in the practical workings of the banks this is not true. If banks were compelled to keep in reserve \$1 in Government coin or Treasury notes for every dollar they issue, they would not issue such notes.

They could just as well put out or loan out the coin and Government notes themselves as to hold them against circulating notes dollar for dollar in amount.

The only inducement to the banks for issuing their own notes for currency is in the privilege or opportunity to promise to pay more dollars than they hold in reserve against those promises.

Their profits on circulation arise wholly upon the practice of increasing the circulation above the reserve, and the more they

are permitted to owe the people on their circulation the greater their profits. They draw interest on what they owe, which encourages them to put out larger quantities of their promissory notes.

Sir Robert Peel was quoted before the Currency and Banking Committee of this House, page 249, and his words should be heeded:

It appears to me that we have, from reasoning, from experience, from the admissions made by the issuers of paper money, abundant ground for the conclusion that under a system of unlimited competition, although it be controlled by convertibility into coin, there is not an adequate security against the excessive issue of promissory notes.

Thus we have his own clear statement that from reason, taking hold of the nature of the case, from experience, the lesson of history, and from admissions of the bankers themselves, the control of the volume of note issues, even with convertibility into coin as a requirement, could not safely be left to the banks, although there were probably not more than the twentieth part as many banks then to regulate as in our country.

Notice also that convertibility into coin was a greater limitation than convertibility into any form of legal tender, as well as coin contemplated by these banking schemes.

One will ask me if I would deny to the banks the privilege of loaning their capital to merchants and business men when needed.

Certainly not; let them loan all the capital they choose and all the spare money they have on hand, as any other business firm could do, but never permit them to make their promissory notes a permanent part of the currency in circulation.

SECURITY TO NOTEHOLDERS DOES NOT CONTROL VOLUME.

The ultimate payment of their notes may be as secure as the payment promised in the notes and obligations of other branches of business, although banks are not in the habit of giving any-

thing near such strong security to the holders of their notes as they require from others. Yet let me say that all plans of security based upon assets and liens and double liability and partial reserves will still fail to prevent the manipulation of the volume of notes in circulation to the constant advantage or supposed advantage of the banks.

The theory of ultimate redemption and strong security for the notes they issue when they are allowed to draw interest instead of being compelled to pay interest on their notes, does not prevent even bankers (sacred as their calling seems to be in the minds of many Congressmen) from giving way to the strong temptations before them.

The burdens of interest on other lines of business on what debts they owe, tend strongly to keep up their efforts to lessen their indebtedness, while profits on notes issued for circulation by bankers lead to efforts to increase their note issues, and as far as possible keep the debt out perpetually.

Even United States bonds as security afford us no protection as to volume of bank issues and expansion and contraction by the banks, unless we have a limit on bond issues, and that seems difficult to enforce on recent Administrations. I have long felt that if our money system could be so simplified as to have only three kinds in circulation it would be far better for the people, and besides they could better understand the subject in all financial discussions. I would have gold and silver freely coined at 16 to 1 for all who bring them to the mint, and in addition United States Treasury notes, and all of these made full legal tender; and all other kinds of money funded or changed into these three kinds as fast as possible.

I have, however, prepared a table showing the status of all of our different kinds of money, as far as can conveniently be done, as they stand at this date.

Legal status and qualities of money in the United States, January 1, 1895.

	Gold coin 23.22 pure or 23.8 standard gold ($\frac{9}{10}$ fine) to the dollar.	Gold certificates.	Silver dollars 371 pure or 412 standard silver ($\frac{9}{10}$ fine) to the dollar.	Silver certificates.	United States notes, commonly called greenbacks.	Currency certificates.	Treasury notes of 1890 issued in purchase of silver at market price.	National-bank notes.
Limit of issue	Unlimited and free coinage.	Amount gold deposited. Issue suspended when free gold in Treasury falls below \$100,000,000.	As necessary for redemption of Treasury notes; coinage practically suspended.	Amount of silver dollars deposited.	Contracted to and fixed at \$346,681,016 minus amt of bills lost or destroyed.	The amount of United States notes deposited therefor.	\$150,823,731 out Jan. 1, 1895. Issue was stopped Nov. 1, 1893, by repeal purchase clause. \$155,931,002 aggregate.	90 per cent of the volume of United States bonds.
To what extent legal tender.	Unlimited	Not legal tender but counted in legal reserves of national banks.	Unlimited unless otherwise specified in the contract.	Not legal tender but may count in bank reserves.	Unlimited except for duties on imports and interest on public debt.	Not legal tender but count in national bank reserves, and are used in clearance-house balances.	Unlimited legal tender unless otherwise specified in contract.	Legal for payment of (1) debts to national banks; (2) dues to U. S., except import duties; (3) payments by U. S., except interest on public debt and currency redemption.
To what extent by the Government receivable.	For all dues.....	For all public dues and when so received may be reissued.	For all dues.....	For all dues.....	For all dues except duties on imports and this by regulation.	Not receivable.	For all dues.....	For all dues except duties on imports.
To what extent exchangeable.	For gold certificates when free gold in U. S. Treasury exceeds \$100,000,000.	For gold coin and in practice for other moneys.	For silver certificates or other smaller silver coin.	For silver dollars or other smaller coin.	For all kinds of moneys except gold and silver certificates.	For U. S. notes.	For all kinds of moneys except gold certificates.	For silver and minor coins.
How redeemable.....		In gold coin.....		In silver dollars.	In coin in sums of \$50 at sub-treasuries in New York and San Francisco only.	In United States notes at sub-treasury where issued.	In coin at Treasury or any sub-treasury and by regulation in sums of \$50.	In lawful money at the issuing bank and at the Treasury.
Denominations.....	\$24—dollars. 5—dollars. 10—eagles. 30—double eagles.	\$20 50 100 500 1,000 5,000 10,000	\$1	Same as United States notes; \$1 up to \$1,000.	\$1 5 10 20 50 100 500 1,000	\$5,000 10,000 The smaller is not often issued now.	Same as United States notes; \$1 up to \$1,000.	Same as United States notes except the smaller; \$1 and \$2 are now not issued.

Subsidiary coins are issued up to the needs of the country, coined of standard or nine-tenths fine silver, on basis of 385.8 grains to the dollar; into 10-cent (or dimes), 25-cent, and 50-cent denominations. They are legal tender in sums not exceeding \$10, exchangeable for minor coins, and redeemable in "lawful money" at the United States Treasury in sums of \$30 or any multiple thereof.

Minor coins are the 5-cent piece, made 77.16 grains, being three-fourths copper and one-fourth nickel, and the 1-cent piece of 48 grains, 95 per cent copper and 5 per cent tin and zinc. They are issued up to the needs of the country, legal tender not to exceed 25 cents, and redeemable at Treasury in sums of \$30 or more.

APPEAL.

I have endeavored to present to you the greater facts and more fundamental principles of the money question. Will you heed

them and forever remember that, other things being equal, the volume, that is, the number of units in circulation in a nation, controls the general range of prices of commodities that the people

must produce and exchange to pay the various monetary obligations of modern civilization and supply themselves with the necessities of civilized life. The money question is a question of property and prices.

Prices regulate profits in all industries.

Profits are necessary to equitable employment of labor.

Money, prices, profits, employment, equity of payments, all of these are necessary to prosperity and freedom.

In the face of these all-important principles, will you betray all of them into the further control of the banks and the Anglo-American gold conspiracy?

Will you betray the people of your country, 70,000,000 of them, with upturned faces looking out of discouragements and unjust sufferings to you who sit here in the high places of legislative power, praying for relief and deliverance from the gold power?

Have you neither sense of justice nor sense of official obligation, nor a heart for the suffering of the trustful, yea, the too trustful people, who have sent you to this Chamber to legislate for them? If not, yet humanity must exist, despite the betrayal of those lifted into political power. And when once aroused and indignant at injustices long suffered, the people mount to the chariot and ride on and over the entrenchments of selfishness and error with a vengeance and unsparing cruelty that remind us of God's greater forces in wind and storm that show no respect of persons.

There's a cry among the needy, there's a wrong on every side;
For the bankers take the harvest and the reaper is denied.
Now the king mounts to his chariot, whose warning was defied.

For the rising sons of freedom shall soon come marching on.

In the old Plutonian temple there's an image made of gold,
Where his worshippers assemble in their revels as of old.

But a Samson now is feeling for its pillars, we are told.

Then arouse the sleeping people, and forward, men, march on.

But a greater poet said also:

But life shall on and upward go;
The eternal step of progress beats
To that great anthem, calm and slow,
Which God repeats.

So sang Whittier for the reformers of his day, when the arrogance of the slave power threatened the overthrow of the nation. It was not long after that he sang of the victory, saying, with true poetic fire:

Loud and long
Lift the old exulting song.

BEHOLD A CLOUD OF WITNESSES FOR JUSTICE.

I am a firm believer in the ultimate victory of America over monetary conspiracies. We have all things about us in this glorious country to encourage us to persist in the line of justice and patriotism.

Our plains are fertile, covered over with waving fields of abundant and nutritious grain.

Our mountains are beautiful, often majestic, and always beckoning to highest thought and bravest action.

The statues of our heroes and statesmen range themselves in ever-increasing numbers along the aisles and corridors of our public buildings to inspire to noble action.

Our homes for the people, whether cabin or palace, show the efforts and aspirations of the Americans for beauty and comfort, and justice and peace.

Our schoolhouses, colleges, universities, bedeck our hills with greater strength and promise for the maintenance of the state than the rock-built embattlements and turreted castles of the foreign and ancestral lands across the sea.

Religion, reaching out in the direction of equity and fraternity, unopinioned by dogmatism, leads our people toward a common brotherhood for all mankind. Art, culture, wealth, and independence. What more can be needed to stimulate patriotic action? If these great surroundings and your own ambition to be worthy of citizenship in this age, surpassing the dreams of the Magi, and this country, opening a new epoch for freedom and progress, will not enable you to brave the threats and clamorings of the mercenary agents and venal influences of the greedy money mongers, then surely anything I may say will be in vain.

I have indeed been hopeful, yet in the midst of misgivings, that the members of this great legislative assembly might prove themselves worthy of the land and the people and the high order of citizenship and responsibility that they represent in this Congress.

To make it so and bring justice and prosperity back to a long-betrayed people we must withstand in this great crisis the insidious and merciless encroachments and legislative advantages that the gold and bond conspirators now seek to fasten upon our beloved country.

I pray you, gentlemen, stand up erect, gird for the battle, and move forward like men worthy of the confidence and love of mankind. But if you will not, still mankind is of greater value and power than money and all of its treacherous methods. Still, whether you go with it or no, shall humanity move forward toward the dawn of a new and better day. [Applause.]

Eulogy on the Late Hon. J. Logan Chipman.

REMARKS

OF

HON. BENTON McMILLIN,

OF TENNESSEE.

IN THE HOUSE OF REPRESENTATIVES,

Friday, September 15, 1893.

The House having under consideration a resolution announcing the death of the late Hon. J. Logan Chipman—

Mr. McMILLIN said:

Mr. SPEAKER: I feel ill prepared for the duty assigned me to-day. One of the best friends of my life, one of the noblest men of earth, is gone. The sad duty devolved on me, as upon my colleague who has just spoken [Mr. CARUTH], of attending a funeral, the most marked in its proportions, the most sorrowful in its characteristics, that I have ever seen in the case of any man. He who is mourned to-day had reached that fullness of years and of experience, had reached that confidence in his fellow-men, which, if years, experience, and confidence could ever make a man ready to die, should have made him ready.

If there ever was a funeral procession which, if it could be known in advance, would make a man satisfied with the part he had taken in this life's affairs, that of J. Logan Chipman was such. Surrounding his home, filling the magnificent church in which the funeral exercises were held, lining every street that lay between there and the beautiful cemetery where he rests, a distance of 3½ miles, there was a solid wall of his weeping fellow-citizens. He had exhibited no pomp in this life. He had acquired no wealth to make men love him or honor him for any other cause than for his own generous, noble, distinguished personality. I heard at his funeral the sad song which was the result of his own genius, and I saw the tearful eyes and heard the sobbing souls that responded in unison to those beautiful lines, which will live as long as song and poesy are appreciated in our language.

There are many things in the life of the distinguished legislator who has gone that are worthy of comment to-day and of commendation hereafter. He had begun early to store his mind with useful knowledge, and he could boast being a ripe scholar. His friends could boast that he was not only a scholar, but a legislator of high order, a jurist of profound learning, a poet of distinguished ability, an editor who had won distinction as such, and a legislator who, from the day he entered this Hall, which tries men so sorely, was recognized as a leader among men and worthy of all imitation. I have seen many trying places and scenes, even in the life that has been allotted to me, but I think the most difficult place on this earth to succeed is the House of Representatives of the United States, where J. Logan Chipman did succeed.

He knew no fear. He was too manly ever to oppress the poor; he was too bold to cower before the rich. With equal scale, as a judge, he held up and meted out the laws of his country. It was a subject of comment in the city, both before and after his death, that as an editor he was never known to court public sentiment, but was always found trying to instruct it. You who have heard his voice in this Hall will bear witness with me that for splendid diction, for zeal for the cause that he ever honored and adorned by his advocacy, for readiness to engage in debate whenever he thought the interests of his constituency or his country demanded it, there was no superior to J. Logan Chipman, either during the days that he was amongst us or during the memory of any man who has served here.

He was reelected to Congress over obstacles that made many of his friends fear and tremble during the campaign. It is not mine to speak of the politics of that conflict, but he had the great heart of that beautiful city of nearly a third of a million people behind him, and they gave him a majority which, under all the circumstances, should be most gratifying to any man. I kept inquiring concerning him, knowing he was sick, and on the day on which this Congress met I received a message requesting that I should select a seat for him. The permission was asked. The House was always exceedingly devoted to him. The courtesy was kindly granted, and a seat was chosen that it is the misfortune of his country that he was never able to fill.

He was stricken down at his home in the midst of preparation for coming here. While he had been very unwell for days, no one thought that there was danger of death. He had his trunk packed, he had his books arranged, he had put his affairs in order, and when his wife suggested the evening before he was to start that perhaps he had better not attempt it, he said, "I must go; the time has come when it is possible that I can serve these people that have honored me so long, and I am anxious to be engaged in those conflicts in which I consider that either the weal or the woe of my country is to be determined."

She persuaded him not, but consented that he should start the next day; and in the language of that beautiful song of which he was the author, and which was sung at his funeral, he was "Watching and waiting" for an opportunity to return to the scene of his duties. But he waited and watched in vain. He was taken to the hospital, and even there, when the doctors said that death had marked him, but dare not tell him lest it should be hastened by the announcement, he got up day after day and hour after hour, walked around, looked out of the window, and eastward toward this, his post of duty, and asked at what time he would be permitted to start? Alas! beneath this Dome he was no more to walk; in this Hall he was no more to triumph! But when the inevitable came his greatest triumph came. Evincing that faith which is more honor than man can otherwise achieve here or anywhere else in this life, and taking the hand of his faithful companion in his, he said: "Wife, repent with me the Lord's prayer." And with the last words of that wondrous prayer, "For Thine is the kingdom, and the power, and the glory, forever," his life went out, and this House and this country lost one of the most faithful and useful Representatives it ever had.

Dying with such faith—

O death, where is thy sting? O grave, where is thy victory?

Money Has Been Defined as the Wheels of Commerce. We Have Taken away One-Half the Wheels, and are Engaged in Guessing why Commerce Moves so Slowly.

We have read in the lore of long ago
That a symbol of our life below
Is a boat, with pale men to row
And a blind man at the rudder.

SPEECH
OF
HON. JOSEPH C. SIBLEY,
OF PENNSYLVANIA,
IN THE HOUSE OF REPRESENTATIVES,
Tuesday, January 8, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. SIBLEY said:

Mr. CHAIRMAN: As I recall a little couplet from the Hosea Bigelow Papers, it runs about this way:

Concernin' the Government, there's no use of denyin',
We're all out of money and most out of lyin'.

Inasmuch, therefore, as the Government reserves in both money and veracity are seriously depleted, it seems that one may be justified in plain speech, and, regardless of musty precedents or mighty magnates, proclaim conditions as they are, and discuss events, policies, and persons in the cold actuality of existent facts. As a farmer my fields sometimes become unproductive, dry and hard on top, and yielding only weeds and briars; and then with a subsoil plow I turn deep furrows, and, letting in the elements of the air and the sunshine, find that the deep plowing into the barren soil has so changed it that it produces rich treasures for the garner. So, to-day, I shall endeavor to stir up the political soil in the hope of richer fruitage in the field hereafter.

The skill of a diagnostician is not required to declare that there is something wrong to-day in the body social, the body financial, and the body industrial and economical. What the disease may be and what remedy it may be necessary to apply it is the province of this House to determine, unawed by any influence, no matter from what quarter it may be manifested. A year ago last August we were in the throes of a financial panic, and I heard gentlemen on the other side of this House supporting with the utmost loyalty and zeal the mandates of a Democratic President. You told us, my Republican brethren, that the whole trouble came from the purchase of silver under the Sherman law. You said that what was needed was to sink our partyism and exalt our patriotism, and roll back this dark cloud of silver which was hanging like a pall over the industries of the nation, putting out the furnace fires and stopping the hum of the spindles. You told us that the nation was in the throes of a panic because of the Sherman law, which put \$4,500,000 of money into circulation each month. You stood with the Democratic party as represented by its executive head, as closely as I ever saw anyone stand with another. You were shoulder to shoulder with it.

Why, Mr. Chairman, the first time I was ever in a penitentiary

I saw men who looked so much alike that I could hardly distinguish one from another—

A MEMBER. That was the first time you were in a penitentiary?

Mr. SIBLEY. Yes; and I may as well tell you what I was there for. I was looking to see if the walls were large enough and the cells numerous enough for the confinement of the people who deserved to be put there for crimes they had committed against the country and its prosperity. I saw those men all dressed alike; I could hardly distinguish one from another; they marched in lock-step, and the only way I could tell one from another was by numbers that were attached to their suits. So in the extra session of August, 1893, the only way we could tell an Administration Democrat from a Republican was by looking at the tag which he wore on his garments, or by reference to the Congressional Directory.

You told us to roll back this cloud, this pall hanging over the industries of the country, and let the golden sunshine of prosperity roll in. Was not that, with few exceptions, your plea? You did the commands of the Administration and your part in effecting that repeal. And then later those same Republicans—not very much later, only last fall—went out upon the platforms of the country and told the people that the thing that was putting out fires in the furnaces, that was stopping the hum of the spindles, was the tariff. You deceived the people upon one of those issues, possibly you deceived them on both.

Oh, what a tangled web we weave
When first we practice to deceive!

Mr. Chairman, I do not know that it is necessary to talk very much about the bill before this House at the present time. I think I will avail myself of the privilege of talking to the amendment, notice of which has been given by the gentleman from Missouri [Mr. BLAND]. I do not wish to talk an hour and then be obliged to admit, as the distinguished gentleman from New York did the other day, that he did not know what bill he was talking about. I do not think there is much use in discussing the measure that is before the House. Anything that is so dead as that is entitled to a speedy interment.

The chairman of the Committee on Banking and Currency, full of elasticity and buoyancy, came into this House with his bill. He told the newspapers and the people that that bill was to be passed before the holidays; and the Committee on Rules was importuned to put the gag upon that bill (if current newspaper comments were correct) and to force its passage as speedily as you forced the passage of the repeal of the Sherman Act. And I am proud that the Speaker of this House refused to lend his sanction to any such measure, because it did not require more than four days' debate to show that it would precipitate this country into another financial panic.

My friends, we all appreciate the abilities, the distinguished character, and services of the gentleman from Illinois; but when it comes to dealing with the question of finance I think he has got into pretty deep water. I do not think he understands this subject much better than a constituent of my friend KIRKBS understood his watch. He came from the lumber woods of Pennsylvania with an old bull's-eye watch to a jeweler, and said, "I want you to fix my watch." The jeweler asked, "What is the matter with your watch?" "Well," replied the man, "I have been looking into it, and I can't tell exactly; but as near as I can make out I guess the trouble with it is that the hair is all worn off the hair-spring." [Laughter.] And, my friends, I think that is the trouble with Mr. SPRINGER's bill. He has not quite comprehended what is the difficulty with the intricate piece of mechanism we are called upon to put right at this time. I do not want to waste much time upon a measure which has been pronounced by every financier of the country to be fraught with danger from the very day it becomes a law or when it is announced in positive terms that it will be a law.

Mr. Chairman, I read in the Evening Star of January 4 how Mr. SPRINGER was ascertaining the strength of his bill:

His plan of canvass is to have one man of each delegation sound the sentiment of his colleagues. If this canvass is not satisfactory, he will probably still further postpone a caucus, so as to give an opportunity for Administration influence to be brought to bear upon those members who are ascertained to be not set in their purposes as to the measure.

I read substantially the same statement in this morning's paper and every morning's paper. It is well known that the large majority of this body is against this bill, and yet it is asserted that through Administration influence it is to become a law. Mr. Chairman, if I have read the Constitution of the United States correctly, it defines the position and duties of the Chief Executive and the powers and duties of the membership of this House; and I tell you if ever a rebuke was needed to one who has trampled down the prerogatives of the people, it is needed to-day to that man who has used his influence, or attempted to use it, to create himself the sole governing power of this nation. [Applause on the Democratic side.] It has come to a time when to be the Government of this people requires something more than a combination of brains, belly, and brass. [Renewed applause.] The members of this House have

duties to perform, rights to be respected, and are answerable to their own consciences, to their own people, and not to the President, and in the discharge of those duties are not to be awed into a violation of duty by an exercise of executive powers outside his constitutional prerogatives.

I want to read you what the English House of Commons did on a similar occasion. I take it from Fiske's Critical Period of American History. When the India bill came up in the House of Lords, George III, then the King, caused it to be announced by Lord Temple that any peer who voted in favor of the bill would be considered an enemy of the King. The feeling was hostile to the bill, but such an attempt at coercion could not be allowed to go unnoticed; and within four days, by a vote of 153 to 80, it was resolved by the House of Commons that—

to report any opinion or pretended opinion of His Majesty upon any bill or proceeding pending in either House of Parliament, with a view of influencing the votes of members, was a high crime and misdemeanor, derogatory to the honor of the Crown, a breach of the fundamental principles of Parliament, and subversive to the constitution of the country.

That is the answer that Englishmen made to their King. And yet, in a so-called democratic form of government, are we to tamely submit to dictation for fear of the Executive's displeasure? Have Americans become so spiritless that they have no rebuke for the imperiousness of a would-be autocrat? No answer to the attempted usurpation of legislative rights? Do men tell me that the power of the Administration was not used to force the repeal of the Sherman bill? Why, Mr. Chairman, there are members of this House who told me with their own lips that they were against the repeal of this bill, and four days afterwards they came forward and voted for it, and when a few months afterwards I asked them why, they told me that their banks asked it and that they had been promised positions for constituents if they supported the repeal! Are the offices, are the positions of trust of the country to be bestowed upon those persons, and those persons only, who support the will of the Chief Magistrate?

Mr. COOMBS. The gentleman from Pennsylvania makes a broad assertion against the Administration. Now, is he willing to give the names of any members in relation to that statement?

Mr. SIBLEY. I will say to the gentleman from New York that I went two or three days ago and asked a member for the privilege of making the statement to which I have just referred when the matter came up for consideration in the House, and he said, "Mr. SIBLEY, it would place me in a very bad position with my constituents, and I am unwilling to do it."

A MEMBER. I should think it would.

Mr. COOMBS. I ask you if you think it fair to make so broad a charge against the Administration of helping to bribe a member of the House, without being willing to give the name? In all fairness it is only right, as you have made the statement, to give the name of the party.

Mr. SIBLEY. Mr. Chairman, on the question of fairness and honor I shall leave each man to be the judge for himself. The gentleman from New York must permit me to exercise that privilege. I am attempting to express my own opinion and endeavoring to show the influences which have prompted certain action in this House, and I have no hesitancy in saying that if you take the golden padlock off the lips of the members of this body, two out of three men in this House, I believe, would corroborate my statement, at least as to the justice of it—

Mr. COOMBS. But the gentleman makes a statement which gives a right to every member on this floor to ask that he shall name the man.

Mr. SIBLEY (continuing). That Executive influence shall not be used. Mr. Chairman, I am going to "talk out" this time. I am not going to be silent any longer. I have had a padlock on my lips as long as I propose to wear it. Why, you remember when old Dionysius—

Mr. OUTHWAITE. What was it put the padlock on your lips? [Laughter.]

Mr. SIBLEY. Because, sir, I did not want to rebuke an Administration that I hoped, before the close of the year 1894, would see the error of its ways and keep with the American people the pledges which had been made by the Democratic party. [Applause.]

Mr. OUTHWAITE. But what was it put the padlock on your lips?

Mr. SIBLEY. When Dionysius, the tyrant of Syracuse—

Mr. OUTHWAITE. Was it Dionysius that put the padlock on your lips?

Mr. SIBLEY. Mr. Chairman, if I had an hour's time with my friend from Ohio I would like to have it out with him. I want to tell him that I am not talking here for the benefit of men who would rather ride to hell in a handcart than to walk to heaven supported by the staff of honest industry, as it has been said. [Laughter.] I am not talking for the benefit of those people who place more value upon a bobtail flush than they do upon a contrite heart. [Laughter.]

If you will give me the time that I want to finish discussing this measure, I will answer any questions that any man desires to put to me. I do not remember that I have ever dodged interrogations. But I was met at the very outset of my remarks with notice that my time would not be extended. I will start again to tell about Dionysius now, if my friend from Ohio [Mr. OUTHWAITE] will allow me to do so.

Mr. OUTHWAITE. I only wanted to know whether Dionysius gave you that information?

Mr. SIBLEY. Dionysius gave a banquet, and at that banquet he desired to obtain an expression of opinion from the guests as to the merits of some poetry he had composed. So, one after the other, the guests at the banquet began to laud and praise the poetry; but there was one, Philoxenus, who said nothing. Dionysius asked him what he thought of the poetry, and he told him that it was miserable stuff. Dionysius thereupon sentenced him to hard labor in the mines. Later on friends of Philoxenus secured his pardon, and being again invited to a banquet of Dionysius to hear some poetry read which the tyrant had composed, all the other guests expressed their very favorable opinion of the poetry, but Philoxenus remained silent. When Dionysius noted that he said nothing, he addressed him and said: "And what saith Philoxenus?" Philoxenus replied: "Carry me back to the mines." [Laughter.]

I have been in the mines for two years. [Laughter.] They can send me back at their will. I wish to speak plainly about the merits of this measure and some of the others that have been suggested. I find that there is a very general agreement among my friends of the East as to the necessity of the retirement of the greenbacks and Treasury notes, amounting to about \$500,000,000. The great cry of 1893 was, "Destroy the silver; it creates panics!" The cry of 1894 was, "The tariff—high or low—it brings stagnation!" The cry of 1895 is, "Destroy the greenbacks and Treasury notes; they produce panics, stagnation, and ruin!" Gentlemen, this seems to be a progressive game. God alone knows what the cry will be in 1896, but I am convinced that it will be an expression of the concentration of human greed and selfishness, as demanded by those whose avarice knows no bounds, whose rapacity has no limit.

Men advocate the retirement of the greenbacks and the Treasury notes, and for whose benefit? For the benefit of the banks who want the \$15,000,000 of interest on those bonds which are proposed to be issued to replace the outstanding greenbacks and Treasury notes—five hundred millions of Government notes to be destroyed and five hundred millions of bonds to be added to the load of debt already bowing down the backs of the people. Destroy five hundred millions of Government money, pay interest on a like amount of bonds, and let the bankers issue this amount of money and loan it to the producers at 6 per cent or higher. Six per cent on \$500,000,000 is thirty millions.

Mr. Chairman, the greenbacks and Treasury notes were issued to the people without interest. They were scattered throughout the nation for internal improvements, for building up a navy, improvement of harbors, payment of pensions and salaries, in the multitudinous objects, costing this nation \$550,000,000 annually for maintenance of Government. This measure proposes that hereafter not one dollar shall go to the people except as individual or associated bankers may filter it out to the public, and that every dollar which may be in circulation from one end of the nation to the other shall pay tribute to the bankers. The proposition is to destroy money which in its issuance calls for no interest, and create money that demands interest from the day it comes into the channels of activity. The bankers' ideal circulating medium is that which is to be issued only by themselves and upon which they are entitled to levy a tax in interest charges. In place of a free currency it is proposed that not one dollar except an interest-bearing dollar shall be in the hands of the American people, and this is what you people dare denominate an honest dollar and this what you term an elastic currency! To pay the interest on the one hundred million bonds that this Administration has already placed upon the producers of wealth would require 125,000,000 pounds of cotton from the planters' fields, if that interest had to be paid in cotton at present value. If you add the five hundred millions you propose in order to destroy the greenback and Treasury note the cotton growers would be required to give 500,000,000 pounds of cotton each year to simply pay interest on unnecessary bonds.

Mr. Chairman, how long will the people consent to such financial schemes, or how much longer tolerate the schemers?

The gentleman from Connecticut [Mr. SPERRY], in his speech of December 20, 1894, on page 489 of the RECORD, said:

Now, my idea is that there is no relief except that relief which comes from the funding of the demand notes in a national bond, and when that funding is made it should be made in a bond payable in gold. I understand that this position is not to the taste of those men who want to go onto a silver basis. It is not in harmony with the views of those men who hold that 50 cents worth of silver, stamped in coin, is equal to a hundred cents worth in gold. But it is in accordance with the views of the whole investing world. I will

not say merely that it is in accordance with the views of the investing people in this country, because it is in accordance with the views of all investors everywhere throughout the world.

Let us put side by side with this utterance the views of Thomas Jefferson, as set forth to John Taylor:

I sincerely believe with you that banking establishments are more dangerous than standing armies, and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a larger scale.

The idea of the people favoring the bond issue and the single gold standard seems to be to increase the happiness of the people by taking away the wherewithal to pay their debts, and by doubling the mortgage upon their possessions. It is as if a farmer in debt has horses, cattle, hogs, and chickens, in value sufficient to pay every last dollar of his indebtedness. But some astute student of finance, who has recently graduated from the kindergarten, tells him that the easy way to get out of trouble is to destroy all his live stock, and place a sum equal to their value in the form of a mortgage on his farm; and then ask people to call him honest because he can pay in gold some 2 per cent of his indebtedness. That man's honesty is doubtful and his faculties of a low order in perception who would follow such advice and prate of his honesty. And yet this great Government is asked to destroy all its abilities for payment, and seems almost willing to do so to secure the praise of a school of leeches that are sucking out her lifeblood.

Then there is the Canadian plan, and my judgment is that it will ultimately be adopted. Thirty-nine banks in Canada have run along quite successfully for some years. They had a little panic over in Newfoundland the other day, and the banks all failed, and the Government, as usual, came to their rescue. They have introduced a bill to redeem the bank notes in which the poor depositors are interested, at 20 cents on the dollar, and those in which the rich merchants are interested at 80 cents on the dollar. They have riots there over their bank failures. The banks of Canada have never been tested, and, except for the Government standing as guarantor, pledging its faith to those private bills, it would be the most dangerous, as it is one of the most wicked, financial schemes ever invented. It is quite the fashion nowadays to go to England and English systems to get all our legislation, industrial, financial, or social.

But what is provided by the Canadian bank plan, which is practically the Baltimore plan? Simply, that anyone with a capital of \$50,000 and upward can start a bank, and issue notes to the full extent of the capital, depositing 5 per cent with the Government for the redemption of the notes in case of any failed bank, and the Government guaranteeing all those notes. If you will figure that out, and if it is anything more or less than the sub-treasury plan proposed by the farmers of the West, I should like to have you tell me where the distinction is. All the distinction is, that one inures to the benefit of the money power of the country, and the other inures to the welfare of 44 per cent of the population, or at least they think it will inure to it.

Mr. Chairman, I have at no time laid obstacles in the pathway of American industries, but have sought to build up all legitimate enterprise upon this Continent rather than tear down and destroy any. My dreams of social equality are those which perceive its attainments to be accomplished by the uplifting of the universal brotherhood of man, rather than that equality which comes from tearing down any portion thereof. To carve steps whereby men may climb, rather than to dig pitfalls wherein a few may fall.

We have no contentions with the bankers; we wish them prosperity and the peaceful fruits of their sagacity and opportunities. But we protest when the house of Dives forms unholy alliance with government, to place in the pathway of multitudinous millions obstacles insurmountable by honest purpose, intelligent effort, and unceasing toil. We recognize the rights of capital; we also recognize the rights of human flesh and blood. As the member from Nebraska [Mr. BRYAN] has so truly stated, "The question to-day is not whether the Government shall go out of the banking business, but whether the banks shall go out of the governing business."

Mr. Chairman, I am opposed to this bill because it has not the first tinge of Democracy in it from beginning to end. What is your Democracy? Is it some latter-day-saint revelation, or is it founded upon the wisdom and maxims of the fathers of the Republic, and under which this country grew and prospered throughout all its decades? I want to read a word from the platform of your party.

At Baltimore, Md., in 1840, in national convention, the Democratic party adopted the following plank as a part of its platform.

Resolved, That Congress has no power to charter a United States bank; that we believe such an institution to be one of deadly hostility to the best interests of the Government, dangerous to our republican institutions and the liberties of the people, and calculated to place the business of the country within the control of a concentrated money power and above the laws and the will of the people.

That was Democracy in 1840. This resolution was reaffirmed in 1844 at Baltimore. In 1853, at Baltimore, the Democratic platform contained the same statement, with this addition:

And that the results of Democratic legislation in this and all other finan-

cial measures, upon which issues have been made between the two political parties of the country, have demonstrated to candid and practical men of all parties their soundness, safety, and utility to all business pursuits.

Resolution 10 of the same platform:

That the separation of the money of the Government from banking institutions is indispensable for the safety of the funds of the Government and the rights of the people.

Then the Democratic platform of 1856, the last one that you ever won on down to 1884, reaffirms the same resolution.

Mr. DENSON. And stated further, "Democratic principles on the same subject never change."

Mr. SIBLEY. Yes, sir; I believe that is true. I notice in the proposed bill that there is one little clause that ought to be closely scrutinized, "Banks may have the power to issue gold notes." Now, banks in the great commercial cities like New York, Philadelphia, and Boston, those controlling the gold, will undoubtedly issue their gold notes; but when the people of the South and West issue their notes, and they do not call for gold redemption, they will find that these notes will be discounted, and you will have to have a detector to tell what the discount is. To prevent great discrimination each bank will be compelled eventually to issue gold notes, and then will come the hour when the gold trust will have, not alone the Government and the producers of wealth by the throat, but will have every little bank in the nation within its power.

Mr. HALL of Missouri. Will the gentleman allow me to ask him a question?

The CHAIRMAN. Does the gentleman from Pennsylvania yield to the gentleman from Missouri?

Mr. SIBLEY. I will tell you, there is not a man who spoke in the interest of the gold trust who was not allowed unlimited time to conclude his remarks. I have been served with notice at the beginning of my remarks that objection will be offered to any extension of my time, and therefore—

Mr. PENCE. Let us test it right now. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania be permitted to conclude his remarks. Let us test it.

The CHAIRMAN. The gentleman from Pennsylvania yields to the gentleman from Colorado to ask unanimous consent that the gentleman from Pennsylvania be allowed to conclude his remarks without interruption. Is there objection?

Mr. OUTHWAITE. To that I object. [Cries of "Ah!"]

Mr. SIBLEY. Then I must decline the interruption.

There is another important feature of this bill to which I think insufficient attention has been given, and one which alone ought to condemn it in the eyes of the business public. It is the provision which makes the Government a preferred creditor and gives it, in behalf of the note holders, a first lien upon all the assets of the bank. Will some gentleman tell me what justice there can be in a measure which, instead of making the bank capital provide for the proper security of the notes, forces the current depositors to become responsible for all the notes of issue? Why have not the merchants, the tradesmen, the mechanics, the school teachers, and seamstresses who have upon deposit all their little hoard of savings equal claim with the note holders, and upon what grounds of justice can it be demanded that their earnings shall go for the protection of the mass of note holders?

Mr. Chairman, with such a bill as this enacted, as a prudent business man I would never keep on deposit one dollar with any bank of issue. I am willing to meet my share of losses with other depositors in any failed bank, but I protest that these deposits should not be swept away by the demands of note holders.

My friends, they tell us that they want this system of banking in order to give elasticity to the currency. What kind of elasticity do you propose to give? Why, the elasticity that controls the consciences of men who make their living by usury, whose limits to greed are fixed by legal statutes, and who propose such degree of benevolence and humanity as will suffice to keep them out of the penitentiary; such elasticity as the throat of the anaconda has with its victim within its jaws; such elasticity as greed and selfishness have given to humanity in all decades and ages! You want an elasticity of currency.

The gentleman from Ohio [Mr. JOHNSON] and myself went through this House and talked with your leading financiers of the East, members of this House, when this country was in the throes of panic in 1893. We said, "Here is a proposition that we will stake our business reputations on that it will end the panic in twenty-four hours. Let us forthwith enact a law that any man holding Government bonds may deposit them with the sub-treasury, taking therefor Treasury notes." Currency was commanding a premium of 2, 3, even 7 per cent, and the first objection made by the distinguished financiers of the East was, "Oh, no; that will never do. That would be in the nature of fiat money." Willing that the prosperity of the country should be imperiled, that private fortunes should be swept away, rather than there should be any tinge of fiat!

Here is an elastic currency system, Mr. Chairman. Place this country upon the bimetallic basis under which for eighty years it grew and developed into a mighty nation, and then let the

holders of the bonds have the option, whenever money is worth more than the interest on those bonds, of depositing the bonds, losing their interest in the meantime, which is that much gain to the Government in the stoppage of interest, and that money will flow into the channels of commerce and business all over the nation; and when money is worth less in active enterprises than the interest on the bonds it will find its way back into the Treasury and take out the bonds. What more elastic system can any man propose than that if you want an elastic currency?

This interconvertible bond-scheme proposition was first proposed by Benjamin F. Butler on the floor of this House many years ago; and to this moment no financier has ever been able to demonstrate that it has a single element of weakness; that it will not be a great saving to the nation and furnish an elasticity commensurate at all times with any possible business conditions or complications. The only objection that has ever been urged against this proposition is that it is too elastic, and does not permit the few at all times absolutely to control the volume and value of money.

Mr. Chairman, in the introduction of the Carlisle currency bill the friends of silver are not deceived. It is brought in here as a rattlebox, a gilded bauble, to divert the public mind; an apple of discord thrown into our midst to disunite those who have long cried out against the crime of 1873 and have been wounded by the folly of 1893. Democracy, pledged as a party to protect silver, who was being assaulted by foreign robbers, was recreant to her trust. After a gallant defense by her loyal friends silver was slain, the last stab being given November 1, 1893. Her blood stains are on Democratic (?) fingers. And in this measure under consideration it is hoped to dig a grave so deep for the outraged form that even the trump of Gabriel may not waken her to confront you before the throne to answer to a just God for the miseries your acts have entailed.

Bury her deep as you may to-day, no man can place a stone so heavy upon the tomb of Truth that the immortality, the energy of the divine essence, shall not roll it away and give a glorious resurrection.

Mr. Chairman, I want to trace the history of financial legislation since 1892, when wheat was worth 80 cents a bushel and cotton worth from 8½ cents a pound upward. There are several things I profoundly regret, as probably some of my friends do my remarks.

Now, it is a fact that a gloomy day will darken the heart, that clouded skies will be reflected in the mind, and that, in short, man is largely the creature of his environments; that even the chameleon will take the hue of the log upon which he basks; and so it was with profound regret that we saw our distinguished Executive, immediately after the election of 1892, hie himself away for a season of recreation. To what spot on earth did he go? He went to the classic shores of Hog Island; and then, when we were in the throes of financial revolution and panic in this country in August, where did he go?

The Bible says that when men are set at liberty each man goes to his own place. The Chief Executive went to the inspiring borders of Buzzards Bay. And when this financial measure was introduced into this House and he sought recreation, where did he go to seek it? Down in the dirty waters of Muddy Bay. [Laughter.] Oh, I can imagine how different the condition of the country might have been if the Executive, when he wanted recreation, had made for the shores of Shelter Island, or sought it in Prosperity Harbor or Security Inlet.

Ah, Mr. Chairman, for two years the ship of state has been pounding against the rocky headlands of Buzzards Bay; bumping her nose into Hog Island, and stranding at intervals in the shallow, dirty waters of Muddy Bay—not a safe harbor of refuge on all their coast nor one fairly good trading port on all their shores—drifting in the breakers and the shallows, with the deep blue sea of safety, the favoring winds and the harbors of commerce but a league to the windward. [Applause.] The time has come to leave the tortuous, dangerous channels, the unexplored, unsounded and unknown waters, and to hold her course in a track whose channels and currents have all been marked; where beacon lights by night and monuments by day so plainly tell the way in which, sailing for eighty years, she has beaten on no rock, stranded on no bar, beset by no breakers on a lee shore, and touched the grandest ports on the coast of prosperity.

I want to trace the action of this Administration on this financial question. The first intimation we had of what was going to be its policy was when the distinguished embassy consisting of Mr. Henry Villard, Mr. Don M. Dickinson, and Mr. Josiah Quincy came to the Fifty-second Congress before its adjournment, expressing the command of the President that the purchasing clause of the Sherman law should be repealed by that Congress.

Mr. BOEN. You mean the command of the President-elect.

Mr. SIBLEY. Yes, of the President-elect. He began early to thirst for power and to assume dictation. The next step was the letter of Chairman Harbry, which in itself was entirely proper,

asking each newly elected member of Congress whether he would vote for the repeal of the purchasing clause of the Sherman law. The result of those inquiries was such as to show that that law could not be repealed on a fair vote, and therefore Congress was not called in extra session in March, 1893, as it doubtless would have been under other conditions. Then this gold trust commenced, through its newspapers, to work up public sentiment.

Mr. Chairman, to what extent the gold trust has control of the metropolitan press is best shown in the evidence given before the Committee on Banking and Currency by W. P. St. John, president of the Mercantile National Bank, which portion I shall quote herewith. I trust every member of this House has read that testimony entire, and I also hope that every American freeman in all this country will read it. His testimony from Wall street comes as the shadow of a rock in a weary way, bubbles up as a fountain of pure cold water in the heat of the sandy desert. This man looms up as a majestic mountain crowned with laurel and fir out of a barren plain productive only of sage brush and cactus. He says:

Mr. Chairman, you will remember that I declined your first invitation to be heard on the topic pending. My apology was, and I repeat as my explanation and excuse for what I shall say, that at this juncture, while our primary money is so undetermined, I deem any new creation of bank notes, State or national, perilous to the prosperity of the United States.

There is a very widespread unrest of opinion on this topic and the allied topic, called the "silver question," even in New York and New England. Public opinion is under a newspaper terrorism in New York. Men who agree with me fully, and I know many of them of considerable wealth, prefer to keep silent for the present. Anybody who will write at length a lot of nothingness adverse to silver money will be accorded certain newspapers' space and be dignified into great authorities. Rejoinder, if complete, and the more complete the more certainly, is denied even a limited space. Again, other men believe that until a change of Administration here approaches it will merely cost them influence to speak their conclusions favorable to silver money. Then, too, certain newspapers shield their readers against intelligence and cow them out of any timid convictions they might indulge.

As an instance, Mr. Horace White's Evening Post a few weeks ago quoted at length from the London Economist one Rawlinson's criticism of Manchester's complaint of England's gold monometallism as relating Manchester to India. The complete rejoinder of two weeks later in the Economist, a compilation of facts that refuted Rawlinson totally, has never even been mentioned by the Evening Post. The Evening Post spreads at length in several columns a reprint of a recent paper of Mr. McLeod, nine-tenths of which matter is as acceptable to myself, as an independent bimetalist, as to anybody else. The real truth which is so universally acceptable is a pad of dignity to the conclusions which they do not, in the slightest degree, warrant. And so it goes.

But conditions current here and elsewhere are forcing the truth upon general attention, and a rebellion against this tyranny and concealment of facts will manifest itself ere long in New York as elsewhere. I have recently been urged by commercial bodies of two important Eastern cities to address them at length upon my convictions. I declined on the ground that I have talked so much that I deem it unwise to be heard again on the topic until invited to speak by my immediate associates in the city of New York.

The paper that I now ask the privilege of reading was prepared for a monthly magazine of importance. I asked the space at first, but afterwards withdrew the request. The editor urged my carrying out my first intention. His private secretary heard the matter in the rough and urged me the more to complete it for his magazine. I learn this morning that more acceptable matter will crowd me out, which is only another evidence of what you gentlemen, aiming to serve your country, are entitled to complain of in the Eastern press.

I would like to explain in advance a term I use for the sake of brevity and without intending offense to anyone, namely, "goldites." The "goldites" are that infinitesimally small but prodigiously influential coterie in the United States who believe that no one nation, not only, but not all the commercial nations combined in a concert of laws, could provide unlimited coinage for gold and silver on one ratio, and attract thereby the gold and silver coins, or certificates for them, into concurrent circulation as money.

Mr. St. John then read the following paper:

GOLD MONOMETALLISM THE PERIL OF THE UNITED STATES—BIMETALLISM ATTEMPTED INDEPENDENTLY TO ACHIEVE BIMETALLISM IN EUROPE BY THE EQUIVALENT OF A CONCERT OF LAWS.

Under official dictation, tutored by the one most aggressive of all our handful of "goldites" in the United States, Congress fiddles with bank notes while the burning issue is our primary money.

Identically tutored, our Chief Executive has required his Secretary to abandon the option conferred by law upon the United States and grant to holders of the United States notes the right to exact gold always, silver never, as their redeeming coin. Had the option to redeem in silver dollars been exercised boldly at the time when only 3,000,000 silver dollars were owned by the United States, with an ownership of \$116,000,000 gold, any possible alarm could have been laughed to scorn. To attempt to seize upon and exercise the option now, or under immediately prospective conditions of our Treasury, would be to court all perils of disaster.

Identically tutored, the demand appears, "one step at a time," to substitute bank promises of money for \$907,000,000 of the primary and secondary money which they promise. Were the scheme adopted and successful, the result achieved would be \$907,000,000 of new bank promises, \$307,000,000 of existing bank promises, and \$1,700,000,000 of promises called deposits, an aggregate of \$2,854,000,000 of national-bank liabilities payable on demand, resting or wrangling on our available supplies of gold. The pretense of the tuition is that this is "sound finance."

Redundant bank notes have invariably banished gold and silver. They never were suspected of enticing either into money. And national banks can not hope for popular consent to their redeeming their circulating notes in officially discarded silver dollars.

LAW THE LIFE PRINCIPLE IN MONEY.

Money is the creature of law. Money is all domestic. Our \$10 gold piece is accounted 236 grains of nine-tenths fine gold when beyond the jurisdiction of the United States.

Money and the yardstick have nothing in common. The yardstick is an exact, unvarying measure of length. Money is an uncertain, variable measure of varying values. The yardstick is not bartered for commodities. Money is the means of acquisition and momentarily the measure of value of the thing acquired. The yardstick is a unit of length. The dollar as a "unit of value" is preposterous. Our Hamilton-Jefferson statute, founding the Mint, provided a dollar as our "unit of account." That dollar of 1793 and the dollar of 1894 contain identically 371.25 grains of silver.

AGGREGATE OF MONEY DETERMINES PRICES.

The aggregate of all money afloat and in bank in the United States is our true measure of normal value of commodities here. The aggregate of money of all nations trading internationally is the measure of normal value of all commodities consumed by all. Therefore to enlarge the aggregate of money in the trading world is to raise normal prices of commodities everywhere. To enlarge the aggregate of money in the United States is to raise normal prices for home and internationally consumed commodities here. Per contra, to diminish the aggregate of money in the United States is to lower all normal prices here; and to diminish the world's aggregate of money is to lower all normal prices of internationally moving commodities in all the trading world.

Mr. Chairman, under the leave to print I shall quote, in addition to my own remarks of to-day, the full text of Mr. St. John's remarks before the Committee on Banking and Currency, because no great newspaper of the nation dares to let the statements of a plain, practical solution of the whole monetary question reach the eyes of the voters, knowing full well that as starving men would rush for bread in sight so would the people seek the old paths of peace and plenty. As men from a burning building would flee for their lives, so would men tear down the flimsy barriers of party and punish those guilty of incendiarism.

Read what a man whose daily transactions are in handling millions has to say, what remedy, plain, simple, unbefogged by financial subtleties, what old-fashioned and sure method of escape for present and future financial evils, he has to offer. Other men invoke untried experiments, invite into mazy paths and labyrinthine ways. This man points the old pathway beaten by the feet of commerce for eighty years. Job says:

There is a path which no fowl knoweth, and which the vulture's eye hath not seen:

The lion's whelps have not trodden it, nor the fierce lion passed by it.

And this seems to be the path which the present Administration is endeavoring to make this nation seek out.

Mr. Chairman, I wish to charge that the Administration's policy has been from its inception a fixed and determined policy to degrade, debase, and lower the value of silver bullion. Reputed interviews with a member of the Cabinet were published through the columns of the papers, recommending that the silver in the Treasury be condemned as junk and sold for whatever it might bring as pig metal. With a law by its plain terms and provisions requiring the Secretary of the Treasury to purchase 4,500,000 ounces of silver each month, that law was set at naught, and wilfully and deliberately violated. When the highest officials of the Government may set at naught the laws of the land without rebuke, what wonder that those whose daily occupations have not been such as to afford them opportunity to become acquainted with legal forms and legal enactments, in protest against a grievous condition strike out blindly in the dark and become violators of law.

Many high authorities hold that in the refusal to conform to the provisions of the Sherman law, which, until its repeal, were mandatory upon the Secretary, he should have been impeached therefor. During the height of the panic, when money was not obtainable from the banks for the most ordinary purposes, when manufacturers could not obtain currency to pay the weekly stipends of their employees, when bills of small denominations could not be secured, and when both greenbacks and silver dollars commanded a premium from 2 to 7 per cent above gold, when gold was tendered to the Treasury in exchange for silver dollars, the silver was refused. There has been no time since the commencement of this Administration that the holder of Government notes could not obtain gold in exchange; but when the Treasury is depleted of gold, when it is ready to place bonds upon the nation, the chancellor of the exchequer refuses to pay out silver. On this question let me quote the Secretary's reply to a Senate resolution, which will be found on page 270 of The Coinage Laws of the United States:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY,
Washington, D. C., August 17, 1893.

*** In further response to the resolution I have to say, that recently gold coin has been presented to the office of this Department and silver dollars asked in exchange therefor, and that the exchange was not made for the reason that all the silver dollars in the Treasury at the time were required, under the provisions of the law relating to the currency, to be held in the Treasury to cover outstanding silver certificates and Treasury notes issued under the act of July 14, 1890. At present the Department would not and could not exchange silver dollars for gold coin if requested to do so by holders of gold, for the same reason. But if the condition of the funds of the Treasury were such as to afford a margin of silver dollars in excess of silver certificates and Treasury notes outstanding, such change would be made.

Respectfully, yours,

J. G. CARLISLE, Secretary.

Mr. Chairman, let me cite the opinion of one of the greatest thinkers of the present age, one who can think like an archangel and perform somewhat less nobly. On the floor of this House in 1878 John G. Carlisle, in the following language, predicted the evils which would torment the race with the destruction of the money of the common people:

I know that the world's stock of precious metals is none too large, and I see no reason to apprehend that it will ever be so. Mankind will be fortunate indeed if the annual production of gold and silver coin shall keep pace with the annual increase of population, commerce, and industry. According to my views of the subject, the conspiracy which seems to have been formed here

and in Europe to destroy by legislation and otherwise from three-sevenths to one-half of the metallic money of the world is the most gigantic crime of this or any other age. The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world.

The absolute and instantaneous destruction of half the entire movable property of the world, including houses, ships, railroads, and other appliances for carrying on commerce, while it would be felt more sensibly at the moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of one-half the metallic money of the world.

Mr. Carlisle, your diagnosis was correct. Each symptom of the evils you then described appear with alarming import and irresistible certainty. Let me again quote Secretary Carlisle, who, standing on the floor of this House as a representative of the people at an hour before his eyes became dazzled with the golden glitter of Pluto's palace, at an hour prior to Rothschild fixing a golden halo above his head, portrayed, in language stronger than any I am capable of framing, the necessity for patriotism to gird itself for the resistance of powers financial and powers executive. It seems to me that this great mind has blazoned out a path of duty that in the present hour of danger we may follow with safety:

The struggle now going on can not cease, and ought not to cease, until all the industrial interests of the country are fully and finally emancipated from the heartless domination of syndicates, stock exchanges, and other great combinations of money grabbers in this country and in Europe. Let us, if we can do no better, pass bill after bill, embodying in each some substantial provision for relief, and send them to the Executive for his approval. If he withholds his signature, and we are unable to secure the necessary vote, here or elsewhere, to enact them into laws notwithstanding his veto, let us, as a last resort, suspend the rules and put them into the general appropriation bills, with the distinct understanding that if the people can get no relief the Government can get no money.

This language, uttered when he stood here as an apostle in the temple of humanity, may not agree with his utterance standing as a high priest in the temple of Mammon, but I prefer to follow the counsels of the plebeian rather than the patrician leader. Mr. Chairman, if my Democracy is to-day at fault, next to Thomas Jefferson and Andrew Jackson, Mr. Carlisle is responsible for such Democratic sentiments as are cherished by me. For years I listened to his utterances as those of the very oracle and expounder of Jeffersonian Democracy. The words of wisdom falling from his lips so verified each maxim of Jefferson, each declaration of Jackson, as served to ground me firm in the faith that this was a government designed for the welfare of all God's children, not for a limited portion. If I have uttered a word of bitterness concerning one who more than any living man was my commentator on the saints in the Democratic calendar, such bitterness is not in my heart. The good that he has done shall live and follow him long after his mistakes have been forgiven and forgotten, and we must view him as we would one of the grand sculptured warriors of the heroic age, which time and the elements have marred and defaced, leaving enough, however, to show the beauty and glory of the original. I do not know that I even have it in my heart to quote as applicable Browning's lines upon "The Lost Leader:"

We that had loved him so, follow'd him, honor'd him,
Lived in his mild and magnificent eye,
Learn'd his great language, caught his clear accents,
Made him our pattern to live and to die!

He alone breaks from the van and the freemen;
He alone sinks to the rear and the slaves.

We shall march prospering,—not thro' his presence;
Songs may inspirit us,—not from his lyre;
Deeds will be done,—while he boasts his quiescence,
Still bidding crouch whom the rest bade aspire.
Blot out his name, then,—record one lost soul more,
One task more declined, one more footpath untrod,
One more triumph for devils, and sorrow for angels,
One wrong more to man, one more insult to God!

The Administration has refused to coin the silver bullion in the vaults of the Treasury, making it possible for the redemption of silver notes, and the total amount of silver dollars coined during the year 1894 was in the neighborhood of \$100. This Congress passed a bill for the coinage of the seigniorage, the silver bullion lying in the Treasury, amounting to about fifty-five millions of dollars, and the President, in accordance with his plain rights and his own interpretation of duty, which I desire in no way to question, vetoed that bill. It is pertinent, however, to inquire if that idle money lying in the Treasury had been coined and put into circulation, would it not have been within the Secretary's power to accept gold for silver should it now or at any future time be tendered? Would it not have relieved him of the necessity for the issuance of fifty millions of dollars of bonds?

In pursuance of his plan to force a repeal of the Sherman Act, the Chief Executive of this nation said that the country must have an object lesson and the bankers promised that an object lesson would be given. Circulars were sent throughout the South and West, directing them to withdraw their lines of credit from their customers and to bring influence to bear upon their Congressmen.

If there remains a doubt in any mind that a conspiracy existed to force the destruction of silver in America in 1893, let me beg each doubter to read the History of the Panic in 1893, published by Mr. J. W. Schuckers, who during the war was private secre-

tary to Salmon P. Chase, Secretary of the Treasury. In his pamphlet Mr. Schuckers traces each step of what, under the law of the land, he terms a conspiracy having for its object not alone the destruction of silver, but the establishment of a system of finance similar to the one under present consideration.

The result of this organized movement was that the purchasing clause of the Sherman law, against the repeal of which the previous canvass of members showed, I believe, a majority of 10, was repealed here by a majority of more than 100. You struck down silver. The friends of silver on the floor of this House told you, when your cotton was selling at 8½ cents and your wheat averaging, for 1893, 80 cents per bushel, that so sure as you did strike down silver the farmer with his wheat and the planter with his cotton must pay the cost of the transaction. Did we tell you true? The day it was announced that compromise upon the repeal of the purchasing clause of the Sherman law had failed in the Senate cotton broke twenty points. I have the market reports in my pocket. Several gentlemen within reach of my arm cut out the market reports of the day after it was announced that unconditional repeal was going through, and also the reports of the days preceding. Cotton broke, and the break has never stopped from that day to this; so that now the cotton planters of the South are compelled to give nearly 2 pounds of cotton where they gave 1 before.

Silver is the only stable standard of values maintaining at all times its parity with every article of production except gold. The ounce of silver, degraded by infamous legislation from its normal mintage value of 1.2929 an ounce to about 60 cents, has kept its parity with the ton of pig iron, the pound of nails, and all the products of our iron mills. The ounce of silver has maintained its parity with the barrel of petroleum, with granite blocks, with kiln-burnt bricks. With lumber growing scarcer year by year it still keeps its parity. It is at parity with the ton of coal; with the mower, reaper, thrasher, the grain drill, the hoe, and the spade. Silver at 1.2929 and beef at 7 cents per pound in the farmer's fields has kept its parity, and the ounce of silver at 60 cents buys to-day beef at 2 cents per pound on foot. The pound of cotton and the ounce of silver have never lost their level. No surer has the sun indicated on the dial the hour of the day than has the ounce of silver shown the value of the pound of cotton. As surely as the moon has given high tide or low tide, just so surely has the ounce of silver given the high and low tide prices of wheat. The ounce of silver has maintained its parity with your railway dividends, with the earnings in your shops and factories, in all departments of effort.

If parity with gold is demanded, and the Secretary of the Treasury construes the law to mean whenever demanded to pay gold, then let us maintain the parity by reducing the number of grains in the gold dollar from 23.22 grains pure gold to 15 grains, or to such number of grains as will keep it at parity. While we may wrong by so doing the creditor class, through the increased value of the products of human industry, we must remember that for every one creditor there are a thousand debtors; and we should remember that the aim of the Government is the greatest good to the greatest number, and also the minimum amount of evil. But no such drastic measure is necessary. Parity may be maintained and every declaration of governmental policy fully met by accepting for all dues, public and private, including duties upon imports, silver and paper issues of the nation of every description whatsoever.

Let me warn you, gentlemen, that if through the appreciation in the value of gold the hardships upon the debtor become insufferable, they may resort to such measures as Bancroft describes in the first volume of his history of the United States, where he says:

In Virginia debts had been contracted to be paid in tobacco; and when the article rose in value in consequence of (English) laws restricting its culture, the legislature of Virginia did not scruple to provide a remedy by enacting that "No man need pay more than two-thirds of his debt during the stint," and that all creditors should take "forty pounds for a hundred."

And while this seems like repudiation by legislation and an avoidance of debts through legislation, yet it must be remembered that it was through legislation that these conditions were produced.

Mr. Chairman, in all the gold-standard nations destitution and misery prevail. With great standing armies in Europe outbreaks are not of frequent occurrence, and yet one rarely peruses his paper without reading of these outbreaks. Yesterday at Montreal, to-day at St. Johns, Newfoundland, in Italy, in Spain and Portugal, Sunday gatherings in Trafalgar Square, London, of the thousands of unemployed, where rioting is prevented only by keeping the crowds in motion. In Nebraska and Kansas, the land of wheat and corn, we read of starving households; even in Ohio appeals are sent out for the relief of thousands of starving miners, and yet men have the temerity to tell us that the evils arise from overproduction. When the great riots occurred in Chicago last July two newspapers in that city, commenting upon the causes of the dissatisfaction existing throughout the nation, failed to compare notes and make their stories harmonize. The Chicago Inter-

Ocean, in stating the difficulty which confronted the farmers, sized the situation up as follows:

The reason farm products are so low is because there is overproduction. There are too many people engaged in farming.

Then the Chicago Tribune, which, it is claimed, is owned almost entirely by English capitalists, tells us why times are so hard in the cities. Let me quote:

The reason times are hard in the cities is because too many people crowd in from the rural districts. More people should till the soil.

These men should deal with overproduction as they deal out wisdom concerning finance. They should establish a press bureau, where "boiler-plate" matter could be prepared which would bear some semblance of harmony. The articles on finance are more carefully prepared and the "boiler-plate" matter is more carefully distributed as to local conditions at place of consumption. In my speech upon the anti-cotton bill, delivered in the House last June, I attempted to show that the evil was not that of overproduction, and that the low price received for cotton was in spite of the fact that the world's production in 1893 was less than for a series of years. Let me give the figures again, that rest upon the authority of J. W. Labouisse, president of the New Orleans Cotton Exchange:

World's production—	Bales.	Export price.
		Cents.
1883	9,400,000	10.8
1887	9,079,000	9.5
1888	9,134,000	9.3
1889	9,574,000	9.9
1890	9,890,000	10.1
1891	10,896,000	10.0
1892	11,652,000	8.7
1893	9,008,000	8.5

The production of wheat, despite the misleading statements to the contrary, has not shown an increase such as should account for the depressed price of the product. The facts are that in 1879 and 1880 we produced in this country from fifty to one hundred millions of bushels more of wheat than in 1893.

But they talk about the great agricultural development of the world. In 1884 and 1885 the world's production of wheat was 2,263,000,000 bushels. In 1891 it was 2,185,000,000 bushels, a falling off of 78,000,000 bushels in the total crop, and yet the lowest price that the farmer has ever seen, known, or heard of was received for wheat in this country. In 1887 and 1888 the world's production of wheat was 2,267,000,000, or 82,000,000 bushels more than in 1891. I do not know how long gentlemen will stand on this floor and prate, through the columns of the public press, this story about overproduction in the face and light of the facts.

Ah, gentlemen, this question is not of overproduction, but of underconsumption. Here in Washington are multitudes subsisting on charity, and all over the world in the gold-standard countries are the starving millions of underconsumers.

Do you tell us that the evils confronting the nation result from overproduction? Succeeding the great Irish famine of 1840, writers speciously commenting upon that great disaster, in which thousands of lives were pinched out by hunger, held that Ireland was too densely populated; that people starved because of overproduction of men, women, and children. To-day thousands of men, women, and children are suffering the pangs of hunger, and yet we are told that this comes from overproduction. Is it from overproduction of wheat? People are freezing. Is it because of overproduction of coal? Multitudes are in rags and nakedness. Is it because of overproduction of cotton and wool? We were told that we could not hold bimetalism because of the overproduction of silver.

Men tell us that there is an overproduction of silver, and that its price had diminished in comparison with gold because of its great relative increase. Mr. Chairman, such statements are not only misleading, but absolutely false. Figures show that in 1600 we produced 27 tons of silver to 1 ton of gold; in 1700, 34 tons of silver to 1 ton of gold; in 1800, 32 tons of silver to 1 ton of gold; in 1848, 31 tons of silver to 1 ton of gold; while in 1890 the production of silver had declined until we produced 18 tons of silver to 1 ton of gold; and in 1890 but 18 tons of silver to 1 ton of gold; and that, instead of the ratio of coinage being increased above 16 to 1, if relative production of the two metals is to determine the ratio, then the ratios should have been diminished rather than increased, and confirms the fact that merely the denial of mintage upon terms of equality with gold is responsible for all depreciation in the value of silver bullion.

Why, all the silver in the world to-day can be put in a room 66 feet in each dimension, and all the gold can be melted into a cube of 18 or 20 feet. There are to-day less than twenty-five millions of bar silver in all Europe. Mr. St. John, the eminent banker of New York, stated to your committee that there was not over five millions of silver that could be made available to send to our mints. Begin to coin silver to the full capacity of our mints, and we would have to coin it for thirty years before giving to each

inhabitant a per capita circulation that France, the most prosperous nation in the world to-day, possesses.

Men tell me that money must have intrinsic value, forgetful of the fact that a paper bank was established in Venice in the eleventh century whose bills of emission at no time failed to command a premium over and above gold and silver. Historians inform us that the premium upon the paper over gold in commercial transactions rose as high as 32 per cent, until by law the Republic declared that it should be illegal to demand in excess of 20 per cent premium on the paper money over gold and silver coin of standard value. That bank was founded, stood the shock of arms, the mutations of time and governments, for five hundred years, and until the day that Napoleon marched his conquering legions into Venice. The faith and the property of the Venetian Republic stood as a sure foundation for issue.

Let some politician deny this proposition, but before he does so he had better step into the Congressional Library and call for Covill's History of Money, or any one of the multitudinous works published before this question became a burning issue in American political life. You demand intrinsic value in your money, and yet you propose to found and perpetuate in your present financial scheme money which has no value whatever outside the credit which we may ascribe to the value of individual obligations, except so far as the Government must stand under this money as its final guarantor.

You demand intrinsic value, and say you must have money which will stand the fire test and the hammer test. Will the paper currency you propose stand the fire test? Will the bonds which gentlemen propose to issue in place of the legal-tender money to the extent of \$500,000,000 defy the elements? You have a gold dollar and I a silver dollar. We each strike our dollar with the hammer, and you then tell me that your gold dollar is worth 100 cents, while mine is worth but 50. Why is it so? In company we go to the Director of the Mint, and you hand in your gold dollar and say: "Sir, I have met with an accident and mutilated my gold dollar and desire to have it recoined." "Certainly," replies the Director, "but you need not await the recoining process, here is another gold dollar in its stead." I state to him: "Sir, I have met an accident with my silver dollar, occurring at the same time that the gold dollar met with its accident. I am therefore impelled to ask you to recoin my silver dollar or to give me one from the pile that I see at your side." His reply is, "No, we can neither recoin your silver dollar nor give you another in its place." Is it great wonder that with the equal mintage privilege denied by legislation the one maintains its value and the other loses one-half its value? Does not the wonder lie in the fact that in spite of such discrimination it maintains its value as well as it does?

The struggle to-day is between the debtor and creditor classes. With one-half the world's money of final account destroyed, the creditor can demand twice as much of the products of your field, your shop, and your enterprise and labor for his dues. In this struggle between debtor and creditor the latter has taken undue advantage and by legislation doubled and trebled the volume of the debt. For example, suppose you had given a note to your neighbor promising to pay, one year after date, 1,500 bushels of wheat. You thresh the grain, measure it into the bin, and notify your creditor that the wheat is at his disposal. He goes to the granary, sacks the wheat, and then brings up your note and states, "I have taken 500 bushels, which I have indorsed on your note. I will call on you for the balance when next year's crop is harvested." You say, "Why did you not take all the wheat and let me make full payment?" The note holder answers, "I did take all the wheat, and there were only 500 bushels in the bin instead of 1,500."

You fail to understand how that can be possible. You know that you thrashed out and measured into that bin 1,500 bushels of wheat. You go to the granary and find that it is true. No wheat is there, but there appears to be an enormous lot of wheat upon those wagons for 500 bushels, and you ask the note holder, "Who measured this wheat? and let me see how you measured it." You see something in the form of a measure about as large as a washtub, and you ask him what that is. He tells you that is the half-bushel measure with which he measured your wheat; but you reply, "My dear sir, that holds more than half a bushel; that measure will hold 6 pecks." He answers, "Correct, it does hold 6 pecks, but it now takes 12 pecks to make a bushel, instead of 4 pecks. Together with other friends who had wheat coming to us we went before the Committee on Coinage, Weights, and Measures and secured the passage of a legislative enactment, that it should require 12 pecks instead of 4 pecks to make a bushel. We have secured this legislation for the proper protection of the holders of wheat obligations, for our own security, and for fear that we should become timid and lose confidence in your ability to pay unless we changed the standard of measure." But you reply, "Sir, we who have obligations maturing, contracts long outstanding, have never asked or consented to the enactment of such

legislation. Our representatives in Congress never permitted us to understand that any such legislation was pending." He replies, "Sir, you might have known it had you desired to do so, or had you kept yourself as well posted in legislative affairs as do the holders of obligations calling for products of the soil for payment. We have our representatives in Congress. We reward them for their fidelity to our interests; we punish them for fidelity to yours. You are not capable of comprehending problems of such intricate nature as are involved in the system of weights and measures. While you have been debating the tariff we have been students of the financial school taught by Rothschild and his American allies. You should not produce so much wheat, or should devote your attention to better tillage of the soil. You should be steadfast and loyal to our Congressman and to our party. Vote the straight ticket and beware of the evils of overproduction."

Mr. Chairman, this, in my judgment, is not a far-fetched illustration, but depicts the exact condition against which production to-day protests. The debtor's obligation, true, does not call for wheat in specific terms. It calls for dollars, but by legislation we have made the dollar three times as large in purchasing power or in measuring values as it was before. We talk about gold being the only money of intrinsic value, and attempt to beguile and mystify the masses by telling them that it has intrinsic value, when its value is merely the artificial product of legislation.

Enact a law, to be rigidly enforced, providing that no meat of any kind, whether "fish, flesh, or fowl," except mutton, shall be used for food. What will be the intrinsic value of your beef cattle, of your swine, your poultry, and your fish to-morrow? The mutton-headed monometallists would tell you that the great increase in the value of mutton was because of its intrinsic worth. Let this nation and the commercial nations of the globe enact a law to-morrow, that neither cotton, nor silk, nor fabric should be used for clothing or covering, forbid the factories of the world to spin or weave aught but wool, and what will be the intrinsic value of cotton or silk thereafter? Wool will be king; its value will be enhanced, but cotton, hemp, and silk will be as valueless as weeds or as gossamer webs.

With the mints open to free and unlimited coinage of both gold and silver there has never been a moment when silver has not maintained its parity with gold, and at a ratio of 16 to 1 commanded a premium of more than 3 per cent over gold. And if, by some fortunate discoveries to-morrow, gold should be found in great quantities sufficient to lessen the income of the annuitant, the bondholder, or the fixed-income class, there would arise a demand for the demonetization of gold and the establishment of the pearl, ruby, or diamond standard of values. Whatever standard can bring to grasping hands and greedy hearts the most of the toil, the sweat, and unrequited effort of his fellow-man, this standard will be demanded by the representatives of greed, and must be resisted by those who represent humanity and Christianity.

I do not know that I have ever talked with but one perfectly frank monometallist. Last summer, in conversation with a gentleman of large means and keen business acumen, he rebuked me for what he called my fanaticism in the matter of silver coinage and expressed astonishment that one for whose other qualities he professed a high regard should permit himself to be so misled upon a topic of such vital interest. As best I might I attempted to explain to him what must be the inevitable tendencies of the pursuance of a policy which for twenty years had sunk a nation from universal prosperity and happiness to the depths of misery prevalent in the nations of the Old World; that the decline of values coincident with the destruction of one-half the world's metallic money was establishing class distinctions, so that there would soon be but two great classes in the nation—a few extremely rich and the multitude extremely poor; that the great middle class, who, possessing neither riches nor poverty, were the truest friends of free institutions, were being annihilated; that the appreciation of gold had enforced hardships upon the debtor class that they could not well survive; that the continuous enhancement of gold was making the toiler pay three dollars for every one that was nominated in the bond.

He then answered, "That is why I am for the gold standard. I have my business affairs in such shape and my investments are of such a nature that each increase in the purchasing value of the dollar to that extent adds to my possessions." He informed me that he carried for his family a very large amount of life insurance, some of it payable at different future dates some years hence, and the other portion at his death. "Therefore," said he, "if the purchasing power of money doubles or trebles, I have thus doubled or trebled the fortune of myself and family." I ventured the inquiry as to what might become in the meantime of the debtor. His reply was that every man in this world had to look out for himself, and that if in any legitimate way he could increase the value of his property, that was his right, privilege, and duty. I ventured, as a parting suggestion to him, that it might be well to consider whether a man was not honestly paid when he was paid in accordance with the plain terms of the con-

tract, and that it might be well for him to debate in his mind whether those insurance companies which had invested in property which was continually shrinking in value might not only be unable to pay him in gold but to pay him again in any form the money which he had committed to them.

During this debate gentlemen have marched into the arena of discussion with the intrepid step of a Goliath challenging the hosts of Israel, and have made assertions that there has been no appreciation in the value of gold. If this position be correct, then every political economist and every great teacher of nonpolitical finance has been in error. That there has been an appreciation in gold is not denied even by the gold monometallists of Europe. The contention of the monometallists, whose mouthpiece is Mr. Giffen, the secretary of the Chamber of Commerce of London, is fairly stated from their testimony before commissions and through essays in financial publications. Gold has appreciated, they say, and ought to appreciate, as one of the great conservative forces of society, enabling the property interests to rule and in its tendencies checking the growing sentiment of democracy.

But we are not dependent upon the opinions of monometallist or bimetallic. There have been standards erected whereby men can unerringly determine whether values have appreciated or depreciated in comparison with gold. In 1845 the London Economist sought to ascertain the range of values which should determine any increase or decline thereof. They took the values of twenty-two leading articles of production and consumption in Great Britain, from 1845 to 1850, taking enough units to make 100, or one dollar. For instance, one unit of wheat, one dollar; ten units of cotton, one dollar; three units of wool, one dollar, and thus through twenty-two leading articles of production and consumption, with enough units of each of the given articles at the average range of values during the five years named to establish a standard. Therefore, the value of the twenty-two leading articles forming the basis of computation would add 2,200. If prices should vary so that one unit of wheat should be worth 1.25, ten units of cotton 1.10, three units of wool 90, the average rise and fall would be indicated by the total footings of the twenty-two leading articles thus forming the index number.

The results of these tables are astonishing. The average of values which from 1845 to 1850 had shown 2,200 as the index number, owing to the discoveries of the gold mines of California, adding to the volume of money of final account, steadily increased. The output of Australia commencing to come into the channels of commerce in 1853, added still more to the footings of the index columns. Year by year values increased, until in 1864 high-water mark was recorded, and the index number was then 3,780. From 1866 to 1873 prices declined, largely owing to the great contraction in the volume of American currency which tended to reduce the value of American products. But the real depreciation in the total footings did not set in until the United States, following the lead of Germany, demonetized silver. From that time to this the decline has been rapid.

Prior to 1873 but two nations, Great Britain and Portugal, were upon the gold basis. They had a population of 42,000,000 of people. To-day the same, or even a less amount of gold, is divided among the 320,000,000 of people who have adopted the gold standard. The result has been a continuous struggle for gold and a continuous shrinkage of values proportionate to the enhancement of gold. On the 1st day of January, 1893, the index number was 2,121, showing a range of values below those obtaining in 1845-1850. The 1st day of January, 1894, the index number was 2,082; and on the 1st of January, 1895, the index number is 1,923, or a decline of nearly 50 per cent in values below the year 1864, and a decline in values of about 12 per cent below those prevailing in the period embraced between the years 1845 and 1850.

Later, Mulhall took forty-five leading articles of production and consumption; Saurbeck, Soetbeer, and other statisticians, took one hundred articles of production and consumption, as an index showing decline of commodities measured by gold, and the results arrived at are practically the same. This decline in values has not been confined to the one hundred articles of the statisticians, but to all products of human effort, barring the one sovereign article, gold.

This decline must be checked, or we must return to the condition of the middle ages, to its miseries, to its woes, to a period when money was so valuable, during the reign of the Henrys, that seven cents measured as much of the products of the field, the plow, and the muscle as are measured by one dollar of the present day.

Gentlemen, you have plucked the deadly Upas tree from an alien soil and planted it in the free soil of this Union. What are its fruits? It has given the homesteads of thousands of toilers to the creditor. It has given one-third of our railway mileage to receivers. It has given reduced earnings to every one of the other two-thirds, and dividends upon stock and interest upon bonds to but few. It has given idleness to four millions of would-be toilers in shop and field. It has given productive capital no

scope for use and little or no return for risks assumed. It has given the silver miners ruin. It has given the farmer 40 cents for wheat and the cotton planter but little over 4 cents for his cotton. It has produced a Republican majority of about 150 in Congress. It has given nakedness, hunger, and cold to millions of men, women, and helpless children. It has produced a sea of tears, an avalanche of groans and prayers for succor. It has blighted hope and paralyzed aspiration in a million homes. It has produced a crop of defaulters and criminals until the jails and prisons overflow. It has produced mobs and riots and the calling for armed forces of the nation to check and control. It has produced \$100,000,000 more of Government bonds, which are so many financial fetters to shackle the feet of industry. It has produced the tenants of ten thousand graves filled by despairing suicides since your panic began, and for the first time in the history of English literature the pamphlets on the counters and the columns of the newspaper press are devoted to the discussion of the question, "Is suicide a sin?"

Mr. Chairman, when the great assizes shall be held and the seal taken off the Book of Life, and the pages turned, showing deeds of good and evil, from being numbered with those responsible for the misery, degradation, ruin, suicide, and murder caused by these financial crimes, we may well pray, "Good Lord, deliver us."

Gentlemen, at the time of the repeal of the Sherman bill did we not tell you that the prices of all products would go down just in proportion as the ounce of silver went down? Let some gentleman name one article that has not followed silver.

Mr. BOEN. Gold. [Laughter.]

Mr. SIBLEY. Gold! Gold is not a commodity. It is a god, a foreign god, a yellow god! [Laughter.] The gentleman from Connecticut [Mr. SPERRY] says that labor has not gone down. Mr. Chairman, I grant that wages is always the last article to rise and the last article to fall. A new factor appears in the labor world. This mighty giant has marshaled his forces; he has organized into guilds and unions. He no longer runs at first attack, but stands and fights. Trades unions, brotherhoods, and federations have resisted the natural laws of decline with great effect. But with it all, nothing is more delusive, misleading, and nothing more betokens the superficial student or observer than the statement that wages have not fallen. True, the normal rates per diem are the same, or but a trifle lower, but every morning newspaper tells of cuts in wages, and throughout the land are strikes, lock-outs, and shut downs; factories running three days in the week, and taking the millions of idle or partially employed workmen of the nation, and never has the ounce of silver shown its parity, its dominant force, its controlling influence more closely than with labor unprotected by its unions, and affecting even these in lessened opportunities for employment.

Take the shops of one railway in my own district. The men there are receiving, it is true, the same rate of wages that they formerly did; but under what conditions? They work seven hours in one day, and then the next day they remain idle, and the other half of the men work for seven hours. Last week, according to newspapers, fifty freight crews were laid off on a single division of the Pennsylvania Railroad. And on the other great railway systems, where there have been three or four brakemen to a freight train, they have reduced the number to two. Tell the idle and the unemployed that the rate of wages has not gone down and ask them if they will believe your statement. They will not do it, for they know differently.

Mr. BRYAN. Let me suggest to the gentleman that the American Federation of Labor at Denver the other day declared for free coinage at the ratio of 16 to 1.

Mr. SIBLEY. I think the world will soon be declaring for that. The next great break that I expect to see for free coinage at the ratio of 16 to 1 will be made, not by laboring men, but by the "solid men," so-called, of the East. You will have to come to it, my friends of the East, or you will see such a panic that the "John Law South Sea Bubble" bursting, and all the panics and "Black Fridays" of the past will prove to be as a summer zephyr compared with the shrieking cyclone, or as a prairie breeze to the howling tornado.

I want to give you bankers something to think about. Your turn is coming next. The small grist has been pretty well ground out between the upper and the nether millstone. I want to say to-day that the thinking men, the intelligent men of the world, are bimetallics. Two years ago you could denounce a man as a "crank" who dared to stand for what he believed to be the interests of his country, his duty to humanity, and his duty to his God-Pioneers in the cause of truth and reform must expect misrepresentation and vituperation. As the distinguished author of Tom Brown's School Days has so fittingly said:

If the angel Gabriel were to come down from Heaven and head a successful rise against the most abominable and unrighteous vested interest which this poor old world groans under, he would most certainly lose his character for many years, probably for centuries, not only with the upholders of said vested interests, but with the respectable mass of the people whom he delu-

ered. They would not ask him to dinner, or let their names appear with his in the papers; they would be very careful how they spoke of him in the palace or at the clubs.

But the more this subject is investigated the more clearly does it appear that bimetallicism is what the public good demands.

To-day the professors of Oxford and Cambridge, of Glasgow and of Edinburgh, of Vienna, of American universities, and of the universities of the world, say that bimetallicism must be adopted if this enormous decline in values is to be arrested. In a paper read before the Society of Arts by J. Barr Robertson, and published at page 354 in *Coinage Laws of the United States*, a Government publication, you will find the statement which I am about to read, showing the effect of twenty years of hostile legislation:

While it would take too much space to enter into details regarding the practical effects of this appreciation of gold, it will suffice to give some indication of the enormous injury it has inflicted, if it is stated that the transfer of wealth from the landed and propertied classes and from the mercantile, manufacturing, and producing classes generally in the United Kingdom, to the holders of securities, mortgages, annuities, etc., can not be less than \$22,000,000,000, due solely to the appreciation of gold.

It is already a question how much further the holders of securities are to receive the assistance of a continually contracting currency to enable them to go on absorbing further and further the wealth of the producing classes. If no other relief can be obtained it may be necessary to fix a commodity standard instead of a money standard for long-dated payments, as has been recommended by the principal economists of the last hundred years. Such a colossal unearned increment as has accrued to the holders of securities valued in gold during the last twenty years in Europe and the United States, amounting to not less than \$7,000,000,000 to \$9,000,000,000, is entirely unparalleled in the history of the world, and all other public questions sink into utter insignificance compared with it.

Consider that statement for a moment; consider the enormous shrinkage in value and loss to production. Thirty-five to forty-five billion dollars! Such sums stagger the comprehension, appall the mind, and chill the heart. How utterly insignificant become all other questions until this absorption is arrested. This is humanity's problem for immediate solution.

Now, my friends from the East, you are going to cry for deliverance. The savings banks, the trust companies, and the insurance companies are holding to-day about \$4,500,000,000 of their depositors' money. They have held those sums for thirty years, possibly some less; the periods vary. To make this sum earn them money they have had to invest it in securities of various kinds; and the system of index numbers indicates that the decline of values has amounted to more than 40 per cent in the last twenty years.

Your savings banks, your trust companies, your insurance companies have the money of their depositors and the policy holders. Now, how are you going to pay back that money? Are not your vaults loaded down with Union Pacific stock, bought at 100 and now worth but little more than the paper on which it is printed; with Santa Fe stock at 100, now quoted at 44; with Chicago, Burlington and Quincy, bought at 103; with Rock Island, bought at 145? What is the value of those stocks on the stock market to-day? Have not your insurance companies been foreclosing their mortgages on the farms throughout the nation and realizing only about 80 per cent of the money they had loaned, so that they have been obliged to take the farms in order to get back a portion of their money? They are extending payments and seeking in every way to avoid foreclosure, hoping to work out to a point where the land will sell for enough to pay the sum loaned. Have not all your insurance companies and loan companies come to a point where they will not loan a dollar on farm lands, once the best security on earth?

Now, then, take the decline of 40 per cent in values, and let us see where our great financial institutions are. Five hundred millions of that total sum are protected by the taxing power of the municipality, State and nation, behind it to enforce collection, but the other \$4,000,000,000 are without any such security. Forty per cent of the uncovered \$4,000,000,000 is \$1,600,000,000, which represents the shrinkage in the values of your securities. Gentlemen, do you not see that that wipes out all the capital of your savings banks, all the capital of your insurance and trust companies, and on the present value of the securities held in your vaults what percentage can you pay to your depositors and policy holders? Gentlemen, you are forcing the issue, and you yourselves will be compelled to help to arrest this decline in values or else you will go to the wall. The mill is nearly ready to grind you. It has been grinding the producers of this country remorselessly for twenty years past. Now your turn has come. What are you going to do to save yourselves?

I want to emphasize it, that the little fellow worth from \$50,000 up to a million or so is not meant when we refer to the money power. He is by no means to feel himself included in the ranks of the money trust which has this nation in its grip. He views with too much egotism his importance. He is one of the inconsequential factors in the problem. He is not the miller, but is merely waiting for the smaller grist to go between the upper and nether millstones until his turn shall come to be crushed. It will not be the small fish alone that will be caught in this net, but those who

have joined hands with tyranny and oppression shall not go free from the blighting curse.

Isaiah, the prophet of the Lord, rebuked the unjust rulers of his day in the following words:

Wherefore hear the word of the Lord, ye scornful men, that rule this people which is in Jerusalem.

Because ye have said, We have made a covenant with death, and with hell are we at agreement; when the overflowing scourge shall pass through, it shall not come unto us: for we have made lies our refuge, and under falsehood have we hid ourselves.

Therefore thus saith the Lord God:

Judgment also will I lay to the line, and righteousness to the plummet: and the hail shall sweep away the refuge of lies, and the waters shall overflow the hiding place.

And your covenant with death shall be disannulled, and your agreement with hell shall not stand; when the overflowing scourge shall pass through, then ye shall be trodden down by it.

For the bed is shorter than that a man can stretch himself on it; and the covering narrower than that he can wrap himself in it.

If my memory serves me, this courageous seer was sawn asunder for his rebukes, but his words of prophecy were nevertheless all fulfilled.

But I wish to consider in further detail the financial record of this Administration. We have declared in the legislation of 1890, which created the Sherman Act, and the legislation of 1893, which repealed it, for the maintenance of the parity of every dollar we issued with every other dollar. Here it is on these pages before me, 71 and 77 of the *Coinage Laws*:

That upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, as may be provided by law.

And in the "Act to repeal a part of an act approved July 14, 1890," etc., approved November 1, 1893, appears this:

And it is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government shall be steadily directed to the establishment of such a safe system of bimetallicism as will maintain at all times the equal power of every dollar coined or issued by the United States in the markets and in the payment of debts.

I want to show how far those declarations of parity have been strained. What was intended by the declaration that the Government should maintain every dollar at parity with every other dollar? It was intended that the Government by that declaration should not discriminate at its custom-houses or at its revenue offices against any dollar the United States issued or on which it had placed its stamp. It was never intended to transform the Treasury into a pawnbroker's office, where gamblers in gold could bring their exchanges and take this Government by the throat and demand one certain kind of money that was never specified in the contract. That parity declaration would have been met to the fullest if the Government had never made any discrimination in its receipts at the custom-houses. And yet under that declaration of parity what have you done? The dollar that Thomas Jefferson defined as the unit of value should contain 371½ grains of silver.

That dollar, which was its own ultimate redeemer, has become to-day a mere certificate of indebtedness or a promissory note on the part of the Government that it will pay the holder, whenever it is presented at the Treasury, a gold dollar in exchange. Is not that a violent assumption? Is not that straining the word "parity"? Is not that parity with a vengeance? But, as a matter of fact, under this question of parity that dollar has become a mere promissory note, and under the declaration of parity every dollar of every kind issued by the Government has become simply a promissory note to pay the holder upon demand a dollar in gold. In that way, Mr. Chairman, we have increased our national debt since these declarations have been made and enforced more than \$1,000,000,000, and the people have not known it, except as they have found its results in the decreased value of all the products of human industry. My friends, let me give you a quotation from Junius, because Junius has always been considered a wise man—you will find it in his essays—I had intended to read his two letters to the king. I commend those two letters to the President for perusal. Junius says, "To be acquainted with the merits of a ministry one has but to observe the condition of the people." What is the condition of the people of this country to-day? Ascertain that, and then you know the answer to the question, What are the merits of your Administration?

Every dollar at a parity! Let me give you another illustration. I, as a business man, build an elevator capable of holding 1,000,000 bushels of grain and invite people to deposit with me. They bring 100,000 bushels of wheat, 800,000 bushels of oats, and 900,000 bushels of corn, and my warehouse is full. I issue certificates against the grain—the oats, the wheat, and the corn—and go away

and attend to other business. But my hired men whom I left in charge of the business give their own interpretation of parity to the warehouse receipts, and I learn that they are cashing out in wheat the certificates calling for corn and oats. I go to make inquiry about it and ask, "What do you mean by this business? This contract, these certificates, call for oats and corn, and you are issuing wheat upon them."

They answer: "Well, don't you know you must maintain all grain in this elevator at a parity? The boards of trade, the speculators, the jobbers, and the sharpers, all tell us so."

"Well," I say, "but this contract calls for oats, and I think it is pretty well fulfilled when I give them oats."

"Oh, you don't know your business, sir. The majority of the receipts in this warehouse would be at a discount if you did not cash up in wheat."

"But I have only got 100,000 bushels of wheat in the storehouse."

"Well, can not you understand business? Of course, a farmer can not understand it. It takes an educated man to understand it. Do not you see that the way to make that good is to put a mortgage upon this elevator, and buy more wheat to put into the bin, and then keep cashing out in wheat, and then put on more mortgages and buy more wheat?" [Applause and laughter.]

I tell you, gentlemen, we have been doing that for years, and the business man who found his employees doing such things would give them an immediate ticket-of-leave, and some day I think our Uncle Samuel will rise in righteous indignation and cast his unfaithful servants into outer darkness.

Mr. Chairman, as I recall the record of folly of this so-called Democratic Administration I am reminded of an old stanza which, if not affording a true symbol of life, does give a picturesque view of this Administration:

We have read in the lore of long ago
That a symbol of our life below,
Is a boat with palsied men to row,
And a blind man at the rudder.

Mr. Chairman, to maintain parity and stop the drain of gold from the Treasury let Congress declare that the acts of July 14, 1880, and November 1, 1893, are not to be construed as an obligation to redeem in gold all legal-tender money of the United States at the will of the holder, but that the option of redeeming in either gold or silver shall be vested in the Secretary of the Treasury, and that it is the policy of the United States to maintain all its issues at parity by making no discrimination in favor of any one form of legal-tender money in payment of dues public or private; and the further declaration that contracts calling for gold payment alone are contrary to public policy and may be fairly discharged in any lawful money of the United States. France has a population of 38,000,000 of people, and has the following sums of money:

Gold (more than).....	\$550,000,000
Silver (more than).....	700,000,000
Paper.....	600,000,000
Total money, round numbers.....	2,250,000,000
Population, round numbers.....	38,000,000
Money, per capita.....	\$58.91

The paper in circulation, as given for January 12, 1893, is by Carnot, President, and is found on page 143 of Coinage Laws of United States, and is over \$17 per capita of paper alone.

France maintains the parity of all her money, gold, silver, and paper. She has more than eight hundred and fifty millions of gold, more gold than any other nation on the globe, and keeps it by reserving to herself the right to pay in either metal. Whenever the attempt is made to deplete her gold reserve she tenders silver. France also has more silver than any other nation on the globe, some seven hundred millions, all at a parity, carried at the ratio of 15½ to 1. She has more money, gold, silver, and paper, per capita, than any other nation of the earth, and to-day stands alone as the only nation of Europe that is not in the throes of financial convulsion. Her people are prosperous, contented, and happy. Were we to open our mints to free coinage to-morrow, before we could coin the same per capita circulation of silver that France enjoys would require the uninterrupted efforts of our mints for more than twenty years.

It is a fact within the remembrance of every gentleman that after the Baring failure in 1890, except for the loan of fifteen millions of gold made by the Bank of France, the Bank of England would have been forced to suspend; and it is therefore pertinent to inquire why, when seeking for a European model upon which to found our system of national finances, we should adopt the weaker rather than the stronger? The one system has insured to its people prosperity and happiness; the other idleness and misery.

The Secretary of the Treasury proclaims that he will not and can not pay silver for gold upon demand, because he has not got it to pay. Why, then, should not the great mass of bullion in the Treasury be coined, and when silver certificates are offered

and gold demanded, pay what those certificates call for—silver. By refusal to coin the silver in the Treasury we have deliberately, willfully, and sometimes, it seems, knowingly and intentionally, assisted the gold trust in its efforts to bankrupt the nation and saddle such a load of interest-bearing obligations upon the backs of the people as will reduce them to serfdom and slavery. The gold trust and its agents proclaim that the Government of this nation is bankrupt, and coolly demand that we hold out our hands and permit them to forge other links in the shackles which bind us—aye, to demand that we assist in heating and heading down the rivets that shall fetter our limbs.

Mr. Chairman, when citizens of the United States ally themselves with people of other lands to destroy this Government, to force it into bankruptcy, or to coerce its representatives to the commission of acts which blight the prosperity and happiness of a free people, I know of but one term which defines such action, and that is treason. I know of but one term which stigmatizes the individual conspirators, and that is traitor.

Mr. Chairman, the cause at trial is that of creditor versus debtor; humanity versus selfishness; truth versus error—a free Government such as our fathers designed to found versus the rule of an organized plutocracy. Every great statesman and political economist of the last three hundred years has laid down as a political axiom that the values of property are determined by the volume of money proportionate to the volume of trade transactions. I shall quote in an appendix the declarations of many great thinkers upon this topic from the days of John Locke and Adam Smith down to the present moment, which, briefly condensed, may be summarized as follows:

Double the volume of money, you double the value of products. Divide the volume of money and you divide the value of products.

Divide the volume of money, you double the debt. Double the volume of money and you divide the debt.

Nothing more clearly illustrates the increasing value of money than an example the force of which must be apparent to the duller intellect. If a man had sold his farm for \$30,000 in 1873 and buried his money deep in the earth, or, as men do, placed it at interest at 6 per cent, in addition to his interest, with one-third of his \$30,000 he can to-day repurchase the same farm. If this man has gained \$30,000 and the interest on \$30,000 for twenty years, then certainly the man who purchased the farm has lost \$20,000 of his purchase money and the interest on \$30,000. If a farmer had sold \$10,000 worth of horses in 1874 he could purchase others, their equal, to-day for \$2,000. If he had sold his beef cattle from off his farm for \$6,000, he could buy back to-day an equal or greater weight of beef cattle for \$2,000. Money has been magnified; sources and profits of industry have been minimized. If the man who sold the farm for \$30,000 in 1873 had placed it at interest at 6 per cent it would amount to more than \$100,000 in 1894 with interest annually added to principal. If the one man has gained through appreciation of money and interest more than \$90,000 net, the man who purchased has certainly lost an equal sum. By vicious legislation money has been made a monarch, while industry and production have become beggars on the face of the earth.

Mr. Chairman, the President told us in his message demanding the repeal of the Sherman law that "he gives twice who gives quickly." There is no mistaking the fact that we gave quickly. Democrats and Republicans outvied each other to be first to give the nation the single gold standard. And since that day the cotton planter is sure that he who gives quickly gives three times instead of twice, for he knows now he must give three bales of cotton where he gave but two before the absolute destruction of silver money in the nation, and where before the crime of 1873 he gave less than one bale. The grower of wheat now understands the meaning of the old saw quoted by the President, for he gives now two bushels of wheat where one before sufficed. The laborer upon the railway and in shop and field and mine understands its import now, and realizes that it means that it gives months hunting employment where two days sufficed before.

Men who work upon the farm, in the shop, or in the mine are prone to think that the volume of money in a nation and matters of finance are subjects in which necessarily they can have but passing interest, and relegate the entire subject to the "masters of finance," to those who loan money, deal in stocks, manage banks, and operate trust companies. This indifference to such subjects has led mainly to the condition which confronts the nations of the world to-day. The most careful compilations of the last census indicate that in 1890 three-tenths of 1 per cent of the population of the United States received more than 70 per cent of the total increase of wealth, or that of the increase of national wealth in the last ten years, of every one hundred dollars of increase 1 man out of every 300 men took seventy dollars and the other 299 men had thirty dollars to be divided among them, or about ten cents apiece.

Now let us state the problem fairly and honestly. If in any

given community of 300 citizens one man was taking seventy dollars out of each one hundred dollars that was earned by the united efforts of all that community, how long would it be until you could make the 299 men see that they were called upon to take more than a passing interest in financial questions so far as they concerned that community? You would no longer commit the entire financial management of that community to the one man who was taking seventy dollars for each ten cents allowed to the balance. But, my friends, that is just what you are doing in this nation at this very hour, and the men who get the seventy dollars are telling you that finances is a dry subject, a very deep and abstruse topic, and you should leave it entirely to them. They own or control the columns of nearly every metropolitan journal, and those who dare to tell you the truth are denounced as "cranks," demagogues, and fanatics.

What is the plain duty of the 299 citizens? Clearly not to despoil or rob the man of his possessions, but by united effort to assist one another in the securing of such legislators as will enact laws so beneficent in their operations will make such absorption a future impossibility. Let me show you now how partyism works: This man who gets the seventy dollars springs a great issue through the columns of his newspaper as to whether a man should wear boot heels 3 inches high or no heels on his boots. The strife waxes hotter and hotter, the 300 men divide their forces, 150 for boot heels three inches high, and 149 against any heels, and while the votes are being counted he is secretly laying his plans to steal every pair of boots and shoes in the whole community. The old Roman maxim, "Divide and rule," is employed to-day as much as ever in the palmiest days of Roman power. The 299 men strive with no concert of action, but pull this way and that, and their efforts redound in the end not to the well-being of all, but to the further aggrandizement of the one who upon false issues has divided them.

So in this nation the three-tenths of 1 per cent rule because they are to all intents and purposes a unit, and if they can continue to divide upon minor issues the 99.7 per cent of the people, just so long shall they make your laws and demand even greater subsidies from earth's toiling masses. Read, if you please, the testimony taken by the Senate committee investigating the charges of bribery and corruption in the sugar schedule. Mr. Havemeyer under oath admitted that the sugar trust gave large contributions to both political parties; where he thought the Democrats would win he gave to them, and where he thought the Republicans would win he gave to them. No matter which party was defeated, the sugar trust was triumphant and had their representatives in both parties.

India, with her population of 300,000,000, is controlled by an army of 30,000 English soldiers. Why? Because the people of India have no organization; they are undisciplined and disunited. How? Because the step of each English soldier is the step of the 30,000, each man touching shoulder with his fellow. The purpose and will of one man is the purpose and will of the whole. India groans with the burdens laid upon her by her taskmasters, thousands starve each year, and through creeds and castes dividing the one from the other, they court the yoke of foreign masters and grovel in abjectest misery.

With all these facts and truths appealing to me, I shall never stoop at the beck of powers, nor, on the demand of persons or party, sacrifice my sense of duty to my fellow-man and to my righteous Judge by lending my support to those schemers who would, if they could, corner the cooling zephyrs and the summer shade; who would, were it possible, combine to control God's sunshine and His air; who would form a trust to control the dew and summer showers, and make each dweller upon this footstool pay unholy tribute. My duty is not to those who, if they could get to Heaven, would wish to form a trust to control the waters of the River of Life; who would tear up the golden pavements of the New Jerusalem to coin and hoard in bank coffers to torment the dwellers in Heaven with usurious loans.

Mr. Chairman, the body politic, financial, social, and industrial, is to-day afflicted with a thousand ills, and each ill has developed a horde of specialists who have some specific remedy for each separate malady. Apply the remedy for the one great evil, arrest the pyæmia which, unchecked, must destroy the whole system, and the thousand wrongs and ills, which are but symptoms of the universal disease, need no remedy, for with the purifying of the lifeblood these excrescences and tumors, by the natural process of absorption, will disappear; the receiverships, the bankruptcies, the closed factories, or those operated at a loss, the profitless investments, the mortgaged homes, the paralyzed aspirations, the idle men, the tramps, the strikes, the lockouts, socialism, and anarchy disappear as the summer clouds before the noonday sun.

Arrest the decline of values of all forms of property arising through appreciation of gold, and humanity takes on new hopes and girds herself for conflicts, not among its fellows but for conquests over the material universe. Fix at some point through bimetallic stability of values, where investment shall unerringly

know that through appreciation of gold and debasement in value of all products there shall be no longer from year to year a continuous decline of the latter, and at once you inspire courage and faith in every legitimate enterprise and activity in every field of usefulness. But continue the dwarfing process, the crushing, grinding, resistless, and relentless system of gold monometallism, and with it you discourage enterprise, dampen ardor, dispel hope, and destroy faith; and then the teachings of the Master will be reversed, and the provident and faithful steward will be he who alone has buried his talent in the napkin, while the man who had the five talents and used them in the fields of human activity will be the one who will return to his lord empty handed to merit rebuke for having attempted to use his money for his own and society's betterment.

Men tell me that if we adopt free silver coinage we will lose our gold. But had we not better lose our gold than lose our virtue? Better lose our gold than lose our independence, better lose the small sum of gold in the United States than that all shall lose their homes, their hopes, and their happiness.

Destroy the wheat and corn of the earth, and humanity would despair and die.

Destroy all the money, both gold and silver, and humanity would still survive.

Even the ordinary transactions of commercial life would soon be adjusted upon some other basis of value. Why, then, a whole nation in sackcloth and ashes; aye, even many nations grovelling in woe and wailing through the punishments inflicted by a god of their own creation?

Sir, I have read of the breath of the hot simoom, which, sweeping across the desert sands, destroys all in its path. I have read of the black plague, which, stalking through a nation, claimed thousands for its victims. I have read of the scourges of the yellow fever in our own land, which brought terror to the hearts of millions and death in the homes of thousands. But, sir, I have never been told that these scourges were invited guests. Tyrants and monstrosities of cruelty have in ages past wreaked insatiable violence upon defenseless subjects, but nowhere in the pages of history have I found recorded a people who willingly and cheerfully submitted. Sum up the whole list of human ills, inventory all the plagues and plagues, and their curses are as trifles compared with the curses which follow falling prices.

Men to-day are supporting the proposed measure not because they believe it right, but because they have come almost to despair of securing the right. For half a century upon the slavery question in this land compromise after compromise was effected, and each such bargain made by namby-pamby men, with best of intentions, doubtless, in their hearts, added but so much more to the blood and treasure wasted in the undoing of all compromise or attempts to patch mortal lies to eternal truths. The one great question settled on the field of Mars was that African slavery could not exist upon this continent. We who are bimetallics want no more compromises. We demand that slavery, neither white nor black, shall exist, and that the masters of the world's gold shall not be the masters of our products, our consciences, and our lives. That one family with its connections on the Continent, and with headquarters in London, shall hold in vassalage the seventy millions of this land, is a monstrous proposition! Have Americans lost their honor, their patriotism, their courage? Our fathers at Concord and Lexington, at Eutaw and Cowpens, at Princeton and Monmouth, at Yorktown and at New Orleans, lifted, as we thought, the yoke of Britain's bondage. The stamp tax and the tax on tea created a revolution in that heroic age, but degenerate sons submit to hunger, starvation, and death because some theoretical Dogberrys write long essays on abstract propositions and give sophistry in place of truth. You raise no voice of protest when English gold owns and controls your newspapers, and when English gold bribes your politicians and alleged statesmen.

Mr. Chairman, we are told that if we enact free silver coinage that we will drive out our gold. This does not necessarily follow. Repeal or properly interpret the declarations of parity and adopting the policy of France, letting the Treasury pay in either metal, and the gamblers in gold will as surely fail in their ability to manipulate our finance as they fail in France. But if this yellow god for a time disappears, will the disappearance injuriously affect any industry? True, gold may for a time command a slight premium, but what enterprise but can laugh at Satan's rage? Gold at a premium! Name over all the years of national prosperity and tell me those in which we made the most marvelous leaps and bounds in national development, and they will show that it was in those years when at every moment gold commanded a premium.

With gold at a premium we depend upon our own furnaces and forges, our own looms and spindles, our own, and not foreign, hives of industries for all life's sweets and all life's needs. We decrease the necessity for gold to pay balances due to foreign nations upon imports of luxuries or those other articles that can be

fabricated equally well by American fingers. We shall thrive as we did from 1863 to 1874, because gold at a premium is a surer protection than tariff walls. Restore the condition in which the farmer got \$1.25 for his wheat and the planter 15 cents for his cotton, and behold how like the sweep of the fairy's wand you shall transform a nation from universal gloom into the sunshine of happiness. Every thinker who has studied the problem knows that a premium on gold creates in its operation a bounty to the growers of wheat, cotton, and other products of the farmer, equal to the premium on gold, on every pound or bushel exported. European financiers and economists realize this fact and have written warnings to their own people of the tremendous advantage accruing to the United States if they adopt bimetalism. Permit me to quote one authority, second to none in the world, Prof. Edward Suess, professor of geology, University of Vienna, vice-president of Imperial Academy of Sciences, and member of the Austrian Parliament, and whose views upon other phases of this silver subject I shall more largely quote in the appendix to my remarks. On page 411, Coinage Laws of the United States, he says, speaking of the United States:

But this very high rate of gold becomes a premium on the exportation of wheat.

If the dollar in gold is equal to two dollars and a half in paper money * * * the premium on gold has raised the price of wheat to farmers in that country eightfold.

Listen again to him, where on page 412 he says:

Senator STEWART of Nevada was right, too, when he said that gold is not sufficient for the human race; that legal enactments have their share in the fall of the price of silver, and that the silver standard (referring to India) is an advantage for the wheat culture of India against America.

Again, on page 419, urging the wisdom of Europe adopting a bimetallic system, he says:

But in declining to do so Europe must keep in mind that she places America face to face with a choice which, however it may turn out, must in any case be fateful to Europe.

And so, Mr. Chairman, we could quote without number authorities of the Old World and the New, who viewing this question not as politicians, but as statesmen and philosophers, who indicate the marvelous advantages which must accrue to this nation and the hardships to Europe, if we but have the foresight to take advantage of our opportunities and launch our bark upon the tide of fortune sweeping past our very shores. Give us statesmen who dare unfurl the sail, who dare grasp the rudder, and the ship of state will sail into an open sea of prosperity such as never known before. Four-fifths of the people of the globe are to-day upon a silver basis. They want our products of factories, of furnace, of forge, and loom and spindle. Come once more to the world's money, to the money of our fathers; correct the follies of 1873 and 1893, and the commerce of the world comes to your harbors. The one-fifth of the people who have the single gold standard take from us only the absolute necessities of life; they take the products of our fields, they take them because they must have them to sustain life. They can not take less than they do already, but the products of our mines and looms and workshops they do not want. They with cheap labor can make them at less cost at home. Their trade we have already. Why not strike out then for the world's trade, and become the masters of all maritime marts, and within two years all Europe, losing her outlets for products, will restore bimetalism, and America, through the possession of silver, will be impregnable in her power, and the most grovelling suppliant in the whole list of nations will be the imperious Albion, whose money lords have so long been deaf to the pleas of a plundered people.

Mr. Chairman, there is on the face of the globe less than \$3 per capita of silver. Wherefore, then, all these fears of a silver deluge? Not a nation on the globe to-day that has a silver coin to spare; and if it were possible that every dollar's worth of silver in the world was to be sent to our shores we would then have a less amount of silver per capita than the per capita circulation in paper, silver, and gold now in France. The highest product of the silver mines of the whole world would afford, deducting the amount used in the arts, a yearly per capita increase of less than 5 cents to the people of the globe.

The advocates of the gold standard, with an air of superior wisdom and greatest financial comprehension, assert that this nation must adopt the money of the great commercial nations of the world, and the great masses following the blind leaders into the pitfalls of industrial, agricultural, and commercial ruin forget the fact that 96 per cent of all commercial transactions of the United States are among her own citizens, and only 4 per cent among the citizens of foreign nations. For whom are we legislating, the 4 per cent or the 96 per cent?

Gentlemen have for days stood here and sung the glory, the power, and dominion of commerce. I have no quarrel with commerce. No act of mine has ever helped erect a barrier in the pathways of legitimate enterprise, but when gentlemen exalt commerce as above all law and all government, then must I protest, aye, even rebel against this usurpation.

No florid prose, nor honeyed lines of rhyme,
Can blazon evil deeds, nor consecrate a crime.

Let me quote from a letter written by the president of one of the greatest banks of America, the American Exchange National Bank of New York, to José F. De Navarro, of New York, in commendation of a very able pamphlet upon silver written by Mr. De Navarro from the standpoint of "commercial ratio" for silver. The closing sentences of the letter, dated April 10, 1893, are as follows:

Commerce is larger than governments and will certainly prevail over them all. When once this conviction prevails we shall all be surprised to see how easily natural laws will conquer local prejudice and legislation.

Yours, gratefully,

GEO. S. COE.

Mr. Chairman, on the floor of this House the supremacy of commerce to government, the conquest and overthrow of legislation for all the people, is boldly, eloquently, and proudly proclaimed. Commerce, gentlemen, has ever been regarded by the wise and good as but the handmaiden of agriculture. Commerce in her proper place and sphere is beneficent, but invading the realm of government is as dangerous as a star out of its orbit, crossing the paths of other heavenly bodies flying through infinite space.

I fear my country's glory—fear the reign
Of dull security and the joy of gain,
The thrifty turmoil of successful trade,
The war and barter and the ambuscade
Of conquering commerce and of countingrooms
That build one palace and a hundred tombs.

I fear my country's piety—I fear
The purchased psalm, the salaried prayer and tear,
The cushioned peace and stained-glass reverie
Of meager congregations; while a sea
Of sorrowing men strive not for bread alone,
But chance to earn it, and to have their own.

I fear my country's pride, free competition
And license for the money-monger's mission.
Chains are not stronger than their weakest links;
Nor nations richer than their poor, methinks;
Nor wealth nor glory can more lofty be
Than wealth and glory through equality.

For days we have heard interminable talk about what money commerce must have and what the banks must have; that they will consent to this and will not to that. Mr. Chairman, to me it seems as though the time had come when we are entitled in this body to hear something about what demands the people have to make through those of us who are here as their champions. The discouraged farmers all over our land, who, toiling from the first glow of light in the east until the last gleam fades in the western sky, find that all their fruits have been plucked and their golden grain garnered for the world's gold trust, have an interest in this matter. The millions who dig in the mines and labor in factories and furnaces are parties in interest. More than a million men whose families suffer through enforced idleness are listening to know what word of cheer and comfort you have for them. Investors in securities whose balance is found only on the debit side of the ledger have some rights. Owners of factories, of furnaces, of mills and mines ask us what we propose to do for them. Paralyzed industry, enterprise, and active aspiration, all ask, "Watchman, what of the night?" Let us not think they mean what show have our partisans for place and profit at the public crib; what party advantage may some devious policy produce? No; they want to know when we are going to keep our pledged faith, to punish the wrong, to enthrone the right.

Mr. Chairman, as indicative of the arrogance of those who, because successful in the manipulation of stocks and bonds, or because within their coffers are hoarded the fruits of industries of a nation's producers, and as indicative of the readiness with which men fall down and worship at the shrine of Mammon, let me cite you an instance occurring last summer. When Henry Clews, who sends out each week to the banks of the nation and to the newspaper press his edicts of command and his rebukes to ignorant Congressmen, evolved a plan of maintaining the Treasury gold through the recommendation that 25 per cent of all customs duties should be made payable in coin, forthwith, in the editorial columns of newspapers of both great parties appeared the most commendatory notices and fulsome flatteries of the genius of so great an intellect. There was scarcely one political newspaper of the nation that did not approve this method and think an easy solvent had been found of all difficulties connected with the maintenance of a gold reserve.

Editorial space writers even went so far as to suggest that in the place of ignorant Congressmen, whose knowledge was chiefly confined to the plow, the Government should call to its legislative halls those possessed of such high degree of financial wisdom as that exhibited by this master of finance from his seat of empire in Wall street. And yet up in Pennsylvania they are building a home for the feeble-minded, and a farmer in that section of the State who had a boy 14 years old that had no more financial wisdom than this would commit him to the charge of that institution. Let it be determined, in accordance with this financier's views, that customs duties shall be payable in gold, and that I as an importer have a thousand dollars in duties to pay to the collector of the port of New York. I walk into his office and tender a thousand dollars of lawful money. He takes it and counts it over, and

states: "Sir, I can take \$750 of this, but \$250 of it must be paid in gold, because an eminent financier of this city has caused a law to be enacted requiring payment of 25 per cent of all customs receipts in gold." What do I do? Merely step to the office of the sub-treasurer of the United States, present my \$250 of legal tender and demand the gold. I return to the collector and give it to him, and in this transaction the Government has neither gained nor lost one penny of its gold, but has merely transferred it from one cash drawer into another.

Mr. Chairman, before I conclude my remarks I want to say that I believe I am a Democrat. You may take the Bible, Shakespeare, Montaigne's Essays, and the works of Thomas Jefferson, and you can lose all the other literature of the world and still be rich in treasure. I read these works, and I read the history of Andrew Jackson as Benton gives it to us, and I revere, I follow, I worship at the shrine of Democracy. But if I am going to have my pockets picked, I do not feel any better about it because some man comes to me and says: "Don't make a fuss about it; it is a Democrat who is picking your pockets." I do not care what is the name of the knave, or to what party he may belong. I will take him by the throat and get him out of there if I can.

If I get into a wagon labeled "Democracy," and if I look through the coating of veneer and varnish and find, instead of being made of hickory it is made of basswood, and that a reckless, headstrong driver is rushing with mad haste over an unbeaten path abounding in precipices and yawning chasms, I am going to jump out, and I shall not be particular where I light. [Laughter.]

If I get onto a boat to go up the Great Lakes from Buffalo, and instead of sailing up the lakes they head her downstream, and we go down the Niagara River, it makes no difference to me if a lot of men who have got insurance on the hull of the craft sing out from the shore, "It is all right. Don't worry. Stay aboard." There are lots of good men on board; God knows that. But when I get down to that point in the river where I can see the rush of the rapids and hear the roar of the cataract, you may shout until your throats are sore, if it please you, that the old ark is Democratic, but I am going to take the first craft that has steam up, headed the other way. It makes very little difference what the name of the boat may be, so it heads toward safety. And if no craft is in sight headed that way, for one I propose to drop overboard and strike out for shore on my own hook.

Gentlemen in these debates are prone to refer to the great defeat of Democracy which occurred November 6, 1894. Let me recall to my successful Republican friends the reply of Solon to Croesus. When the latter, in the full splendors of wealth, pomp, and power, sought to secure a compliment for himself from the sage old philosopher, "Let no man account himself the favorite of fortune," said he, "until the hour of his death approaches." When on the funeral pyre and the flames rolled about him which Cyrus had kindled Croesus recalled the wise man's words of warning. It is a little early to tell whether upon the 6th day of November, 1894, you Republicans met with a triumph or found rods in pickle for a thrashing. When the Democratic party elected Grover Cleveland in 1892 they celebrated a victory that, with all the facts considered by some impartial historian of the future, will be termed the hour of supreme Democratic disaster. I have read of fortified cities so impregnable in walls, moats, turrets, and towers, so nobly defended by its heroes that they could laugh defiance in the face of the beleaguers, be they never so numerous and warlike, but in the hour of their most seeming security they woke to hear the war cry of the invader at their very hearthstones and saw their citadel seized. An empire overthrown, a city sacked, not by higher skill, not by superior prowess, not through force of numbers, but because one man in the silent watches of the night, set to guard the main gates, had thrown them open for the admittance of the enemy.

If in place of condoning, excusing, even defending undemocratic policies and methods of this so-called Democratic Administration, we had in this House and on the stump rebuked and repudiated such exposition of Democracy as has been on exhibition for the last two years, think you that the people in the Democratic strongholds would have reclined at ease upon their arms while a conflict was in progress? Ah! they were waiting only to catch one blast of the trumpet tones of that Democracy they have known so well. They heard no bugle blasts for equality, for liberty, for truth. They heard only the jingling of the money changers' coins. They said the hand is Esau's, but the voice is Jacob's voice, and withheld their blessing, and faithful fighters fell because of distrust of the leadership. Sir, for myself, two years' service with this Administration was enough to satisfy my longings, and I declined to be a candidate for reelection.

The Democratic party is not dead; it is diseased, not in all its parts, but in a single member. The hand that has clasped in fellowship hands with Baal, with Moloch, with Mammon, and with Shylock has become leprous by the contact; it is a putrid, gangrenous mass. If it remains attached to the body it will poison the very fountains of existence. "Cut it off and cast it from thee,

for it is better that one of thy members should perish, and not that thy whole body should be cast into hell."

Mr. Chairman, if upon the foundations laid by Thomas Jefferson, James Madison, Andrew Jackson, and all the fathers of the Republic, and upon which Lincoln and the other good, exalted, noble, and true of the world have built—if upon those foundations some one holds aloft the sacred torch of truth—I am willing to follow it. I do not care what be the name of the man who holds it. I am confident that man will be a Democrat. No matter what his party title, I am sure he will be my brother in the flesh and in the spirit.

Mr. Chairman, to-night, about the banquet boards of the East, there will assemble a distinguished company to do honor to the occasion which calls them together. To-night they worship at the shrine of Andrew Jackson, amidst bubbling fountains of the juice of grape, the air redolent with the perfume of flowers, the tables heaped with costly viands, and with silver tongue and honeyed speech they will prate about Andrew Jackson, a man the least of whose merits they never apprehended, the slightest of whose teachings they never followed, the commonest of whose virtues they never practiced.

He denounced their fathers as a band of human vampires, and their fathers exhausted their epithets of derision and ridicule upon him.

I can imagine Andrew Jackson reincarnated, coming there to-night and listening to those speeches, in which they instill doctrines as contrary to those he taught as are the sounds coming up from the gates of Gehenna different from the choral song of the triumphant angels in glory; instilling teachings the fruits of which are as contrary to those of Jackson as are the fruits that grow in Hades from the fruits that grow on the Tree of Life within the New Jerusalem. [Laughter.]

If that man were reincarnated and should appear there, he would be the most unwelcome guest that ever came within that banquet hall. They would imprison him on the slightest pretext; and the next most unwelcome guest would be the man who dared read his doctrines and repeat to those men the principles that he taught.

The old hero would stay there a few moments, and as he listened to the utterances of those pretended disciples I fancy he would tip the table over in righteous indignation and thrust those apostates into the middle of the street. If there ever was a man on earth who would refuse to grovel at the feet of the money power that man was Andrew Jackson. Let me read a few pertinent passages from his works with which the Democratic leaders of to-day seem to be woefully unfamiliar or willfully ignorant. In his message to Congress, December 2, 1834, he said:

The bold effort the present bank has made to control the Government, the distresses it has wantonly produced, the violence of which it has been the occasion in one of our cities famed for its observance of law and order, are but premonitions of the fate which awaits the American people should they be deluded into a perpetuation of this institution, or the establishment of another like it. It is fervently hoped that, thus admonished, those who have heretofore favored the establishment of a substitute for the present bank will be induced to abandon it, as it is evidently better to incur any inconvenience that may be reasonably expected than to concentrate the whole money power of the Republic in any form whatsoever or under any restrictions.

In his veto message President Jackson said:

It is to be regretted that the rich and powerful too often bend the acts of government to their selfish purposes. Distinctions in society will always exist under every just government. Equality of talents, of education, or of wealth can not be produced by human institutions. In the full enjoyment of the gifts of heaven and the fruits of superior industry, economy, and virtue every man is equally entitled to protection by law. But when the laws undertake to add to these natural and just advantages artificial distinctions, to grant titles, gratuities, and exclusive privileges, to make the rich richer and the potent more powerful, the humble members of society, the farmers, mechanics, and laborers, who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their government. There are no necessary evils in government. Its evils exist only in abuses. If it would confine itself to equal protection, and, as heaven does its rains, shower its favors alike on the high and low, the rich and the poor, it would be an unqualified blessing.

In the light of these utterances, what his views would have been of a measure like the one which the gold trust is now endeavoring to fasten upon this nation is susceptible of neither doubt nor dispute.

Let us go further back, to Thomas Jefferson, the venerable father of American Democracy, and see what wisdom we may gather from his writings to instruct us on this proposed legislation. In a letter to Albert Gallatin, October 15, 1815, he wrote:

We are undone, my dear sir, if this banking mania be not suppressed. The war, had it proceeded, would have upset our Government; and a new one, whenever tried, will do it. And so it must be while our money, the nerve of war, is much or little, real or imaginary, as our bitterest enemies choose to make it. Put down the banks, and if this country could not be carried through the longest war against her most powerful enemy without ever knowing the want of a dollar, without depending upon the traitorous classes of her citizens, without bearing hard on the resources of the people, loading the public with an indefinite burden of debt, I know nothing of my countrymen. Not by any novel project, but by ordinary and well-experienced means: by the total prohibition of all private papers at all times, by reasonable taxes in war, aided by the necessary emission of public paper of circulating size.

In a letter to John W. Eppes, November 6, 1813, Jefferson says:

The subscribers may be one, two, or three, or more individuals (many single individuals being able to pay in five millions) whereupon this bank oligarchy or monarchy enters the field with \$90,000,000 to direct and control the politics of the nation; and of the influence of these institutions on our politics and into what scale it will be thrown we have had abundant experience. Indeed, England herself may be the real, while her friend and trustee here shall be the nominal and sole subscriber.

Further on he wrote:

But the art and mystery of banks is a wonderful improvement on that. It is established on the principle that private debts are a public blessing.

At the time we were funding our national debt we heard much about a "public debt being a public blessing;" that the stock representing it was a creation of active capital for the aliment of commerce, manufactures, and agriculture. * * * If the debt which the banking companies owe be a blessing, it is to themselves alone, who are realizing a solid interest of 8 or 10 per cent on it. As to the public, these companies have banished all our gold and silver medium, which before their institution we had without interest, instead of which they have given us two hundred millions of froth and bubble on which we are to pay them heavy interest.

Ah, sir, when the brave little band of Scots was driven back and surrounded by a multitude of the Saracens, when it seemed the day was lost and the infidel host must triumph, Douglas rose in his stirrups and taking the silver casket which held the heart of Robert Bruce, swinging it by its chain over his head, that the eye of every Scot might see, threw it into the very farthest midst of the Moslem horde, exclaiming, "Pass on as thou wert wont; I follow or die!" Ah, the heart of Bruce! Little recked the Scotsmen then Moslem spear and scimeter. No horde of infidels could stay the onslaught of the devoted band, and in its silver casket in Melrose Abbey the heart of Bruce reposes, that had been won again by Scottish valor. Saracens, Moslems, and infidels encompass the champions of truth in their crusade for humanity; yea, for plain, true Christianity, and whenever we will throw the heart, the life, the teachings, the truths of Jefferson never so far into the thickest ranks of the enemy, millions born and yet to be will follow, will fight the good fight, and will conquer!

Mr. Chairman, were these men of other times who piloted the ship of state during some of her darkest hours of peril—were they, I ask, patriots, statesmen, men of profound wisdom and far-reaching political sagacity, or were they, as some modern would-be leaders of Democracy would have us believe, merely old fogies and fossils, without experience or insight into the needs of the nation and incapable of dealing with the problems of government? Upon our answer to these questions will largely depend our action on the measure which is presently to demand our decision. These are the same issues, the same enemies, differing only in their outward form and not in their essential nature, from those which the heroes of Democracy in bygone days grappled with and overthrew.

Men of Tennessee, that most illustrious citizen whose courage upon the battlefields was only excelled by his courage in the chair of state; whose honesty of purpose and whose devotion to the masses, whose defiant challenges to the haughty money trust halted them in their career of plunder, and whose charge upon their entrenchments seemingly destroyed them forever—your State is the custodian of his ashes, and the whole nation of his fame. Do you honor his memory in re-creating a hydra-headed dragon, the destruction of which has placed his name high in the calendar of Democratic worthies?

Men of Virginia, I am not forgetful of the fact that the soil of your Commonwealth has been made sacred by the ashes of noble dead, from Washington down to the last upon the list of the roll of illustrious citizenship. But within your borders, aye, within the borders of a universe, no emblem of brass nor sculptured stone marks the last resting place of a grander apostle of human liberties than Thomas Jefferson. So long as error combats the rights and privileges of man, so long as humanity has aspirations for higher civil blessings, so long his life's work remains unfinished, and, though dead, he shall be the contemporary of all the wise, the noble, and exalted of earth. What are you asked to do? What will you do? Will you declare his maxims are but fables; that his warnings and his fears were but the phantoms of a feeble intellect? Will you violate the plainest truths of this noble sage? Will you nullify the teachings of this master mind? Will you discredit the deductions of this profound philosopher? Have the leadings of Providence become so wearisome that we long for the fleshpots of Egypt? Has virtue been reduced to a scramble for the leaves and the fishes?

We read in the second Book of Kings what transpired in the land of Israel when the Moabites vexed sorely the children of the living God:

20 And Elisha died, and they buried him. And the bands of the Moabites invaded the land at the coming in of the year:

21 And it came to pass, as they were burying a man, that, behold, they spied a band of men; and they cast the man into the sepulcher of Elisha; and when the man was let down, and touched the bones of Elisha, he revived, and stood up on his feet.

And so, Mr. Chairman, if this party called Democratic, and termed dead by careless observers, which through corruption has become so putrid as to offend the nostrils, could but touch the

dead bones of its prophet Jefferson, there would still be enough virtue in them, enough of vital truth, that this so-called dead being would awaken into a new life. Now, at the coming in of a new year, as then, the bands of devastating Moabites sweep over the land, the children of God, now as then, are in sore straits, and if those having charge of the Democratic interment but let the party come into contact with aught of Thomas Jefferson, it will have a resurrection, and the dead again stand up.

God give us men! A time like this demands
Strong minds, great hearts, true faith and ready hands.
Men whom the lust of office does not kill,
Men whom the spoils of office can not buy;
Men who possess opinion and a will;
Men who have honor—men who will not lie;
Men who can stand before a demagogue
And damn his treacherous flatteries without winking;
Tall men; sun-crowned, who live above the fog
In public duty and in private thinking;
For while the rabble, with their thumb-worn creeds,
Their large professions and their little deeds—
Mingle in selfish strife, lo! Freedom weeps,
Wrong rules the land, and waiting Justice sleeps.

ADDENDA.

I submit as corroborating my statements relative to the effects of a shrinking volume of currency upon the prosperity of the country, the evils of turning over to private individuals the control of national finances, and the appreciation in the value of gold, the following extracts from writings and speeches of dead and living statesmen, political economists, philosophers, and patriots.

Mr. A. J. Balfour, in his speech at Manchester, England, October 27, 1893, said:

And can we claim that great quality for a standard (namely, as a permanent record of the debts and obligations lasting through long periods of time) which, by the admission even of the monometallists themselves, has appreciated in some fifteen years no less than 30 or 35 per cent, and of whose appreciation no living man under the existing system can prophesy the limits.

Uncle Jerry Ruak, on page 8, Agricultural Report of 1890, states, as Secretary of Agriculture, the effect that the enhancement in value of silver bullion following the passage of the Sherman Act had upon the prices of American wheat:

The recent legislation looking to the restoration of the bimetallic standard of our currency, and the consequent enhancement of the value of silver, has unquestionably had much to do with the recent advance in the price of cereals. The same cause has advanced the price of wheat in Russia and India, and in the same degree reduced their power of competition. English gold was formerly exchanged for cheap silver, and wheat purchased with the cheaper metal was sold in Great Britain for gold. Much of this advantage is lost by the appreciation of silver in those countries. It is reasonable, therefore, to expect much higher prices for wheat than have been received in recent years.

Nothing can more clearly show the effects of falling prices than the interest charges upon the indebtedness of the people of the Union, as exemplified by the following article from a weekly newspaper, to which my attention has been called:

Mr. WALKER, a Republican member of Congress from Massachusetts, says the people of the United States owe debts, public and private, to the amount of \$32,000,000,000. Now, we take Mr. WALKER as authority, because he, coming from a New England State and being a Republican, will not be accused of placing the figures too high.

It is claimed by some that the rate of interest on this indebtedness will average 8 per cent per annum. But to be entirely safe and to be conservative, and for the purpose of giving to the public a bird's-eye view of their condition, we will place the rate at 6 per cent. Now, 6 per cent on \$32,000,000,000 amounts to \$1,920,000,000. In 1882 we raised 1,628,464,000 bushels of corn. At 40 cents per bushel we would have \$651,385,600 as its total value.

Our wheat crop the same year was 519,400,000 bushels. At an average of 80 cents per bushel, we realized \$415,520,000.

Our oat crop was 661,067,000 bushels. At 25 cents per bushel we have \$165,266,750.

Our gold mines produced \$33,000,000 and our silver mines \$75,000,000. Now, let us add this together and see what the result will be:

Value of corn crop	\$651,385,600
Value of wheat crop	415,520,000
Value of oat crop	165,266,750
Value of gold crop	33,000,000
Value of silver crop	75,000,000

Total	1,340,236,000
Interest on debt	1,920,000,000

Difference..... 579,763,400

Thus you will see we are still in debt on interest \$579,763,400. With these stubborn facts staring us in the face we are led to exclaim, "How long, oh Lord, how long, will the people sleep!"

I shall insert with my remarks quotations from Prof. J. Shield Nicholson, professor of political economy in the University of Edinburgh, Scotland, in his recently published Treatise on Money, and Essays on Monetary Problems. Professor Nicholson is a man recognized to-day as one of the greatest teachers of political economy of the age, and the opinions he states are the opinions prevailing not alone in Scotland, but in England, France, and in the centers of thought throughout the civilized world, and whoever lays aside prejudice and studies solely the welfare of humanity will coincide with his views:

Page 58: One most important factor in determining the general level of prices in a country is the quantity of money in circulation.

Page 61: The decline of the Roman Empire was largely due to a deficiency of the circulating medium, which was remitted in payment of taxes in large quantities to Rome and the central cities of the Empire. As a consequence, while in the provinces prices ruled low and the miserable taxpayer would give any amount of wealth for coins, in the center of the Empire, where money was abundant, prices were high. * * * We have in the times of the Middle Ages a constant dearth of the precious metals, and consequently a low level of prices. Under the Tudors a great rise occurred, which illustrates in a twofold manner the effects of increasing the quantity of money. In the first place, under Henry VIII and Edward VI the currency was debased and thus artificially increased in amount, and next it was naturally increased by the great discoveries of the precious metals in America, especially the celebrated silver mines of Potosi.

Page 66: Again, looking to the ordinary course of trade, it ought to be clear that if the commerce and population of the world are increased, so that the amount of ready money transactions is doubled, then so far, unless the quantity of money is equally increased, there must be a proportionate fall in prices. This is practically a very important consideration.

There can be no doubt that after the great discoveries of the precious metals in the sixteenth and nineteenth centuries the rise in prices would have been much greater but for the enormous increase in the volume of trade.

It follows, too, from this consideration, that, other causes affecting prices remaining the same, any increase in the volume of trade by the extension of commerce to new countries must, in exact opposition to the popular view, result not in a rise, but in a fall of prices, unless these new countries happen to produce the precious metals in greater abundance than their commerce requires.

Page 88: We see, then, that the value of gold is determined in precisely the same manner as that of any other commodity, according to the equation between demand and supply. Competition will go on between those who hold the metal on the one side, and those who wish to obtain it on the other, until such a general level of prices is reached that the quantity demanded at that level is equal to the quantity offered.

Page 89: The quality of standard money, other things remaining the same, determines the general level of prices, whilst, on the other hand, the quantity of token money is determined by the general level of prices.

Page 166: The key to the present controversy on the connection between the currency and the fall in prices is found in the dependence of prices on the quality of standard metallic money. Those who experience a difficulty in tracing this great and general fall largely to currency causes may find that difficulty much lessened by considering the way in which, at previous times, a rise in prices has undoubtedly been connected with an increase in the supplies from the mine.

Page 168: And, in fact, we can not proceed a single step in any argument on general prices without assuming their dependence on the quantity of money.

Page 187: If, for example, the United States were to repeal the Bland Act and throw her silver on the market, the consequences would be a further fall in gold prices and a further depression in trade, not in that country alone but in every gold-using country.

Pages 187, 188: In the first place, we have seen how the new supplies in the one case of silver, in the other of gold, gave a real and generous stimulus to the industrial activity of the world. The rise in prices which occurred was not, as we are too often told, merely equivalent to a nominal change of values and a benefit to debtors at the expense of creditors; for as soon as prices began to move in response to the new money, enterprise was quickened, employment extended, and production increased. If in the sixteenth century the trading nations had been afraid of the depreciation of the new silver, and had refused to use it as standard money in unlimited payments, the medieval system might have retained its immobility for many generations, whilst the only gain to the world would have been a profusion of cheap silver ornaments; and in the nineteenth century, if the nations had listened to the alarmists who urged them to take time by the very tip of the forelock and demonize their gold before it became worthless through depreciation, Australia and California would have been left to sheep and cattle, the enormous expansion of trade which took place over the whole world would have been impossible, and the only gain would have been an addition to the stock of the gold plate of those who held mortgages in one shape or another over the whole industries of the world.

But if an increase in the supplies of the precious metals, when freely coined, has the effect which history reveals, surely it does not require much reason or much imagination to discover that, with diminishing supplies of gold and refusal to use silver, the contrary effects—in a word, a dragging depression of trade—might be expected.

Page 189: Political economy would be indeed the most dismal of sciences if it taught that, to insure a period of prosperity, we must submit to a period of horror, and that a long continuance of peace is the sure precursor of depression. Political economy, however, teaches no such thing; on the contrary, it shows that in the long run destruction is not good for trade, and that what we call general overproduction is in reality simply bad organization.

Page 198: For with every increase in the volume of trade and the numbers of people, with every expansion of commerce into new regions, with every displacement of old customs by competition and contract, a greater demand is made on gold for currency. But the amount of gold produced is diminishing, and the amount absorbed by manufacturers and by the East is increasing.

Page 201: The general conclusion on this part of the argument, putting aside imaginary cases of ingenious theorists, seems to be that with bimetalism we should at first have a movement of general prices toward the old level, though in all probability not to the high level of 1873-1874, which was under the influence of exceptional causes, and for the future the level of prices would remain much more steady. We should have, as before, credit cycles and periods of comparative inflation and depression, but we should have, on the whole, much greater stability; and it is agreed on all sides that the more stable the general level so much the better for the public good.

Effect on farmers.—Page 204: The fall in Eastern produce may have a depressing effect on other markets and other produce, and the general fall in Western prices is probably due partly to the indirect effects of the depreciation of silver, as well as to the direct effect of the pressure on gold. If, for example, the fall in the price of silver has encouraged the export of wheat from India, and has caused a fall in its price, it is easy to see that a sympathetic fall will take place in other grain and food stuffs; and then if all the gold-using countries try to improve their position by raising sheep and cattle, the increase in quantity will tend to lower the price of beef and mutton, and of wool and hides, and thus the depreciation of silver, though it strikes most severely at the producers of wheat, indirectly affects the whole farming class.

Page 208: But it is contrary to all principles and to all experience to suppose that the laboring classes can derive more than temporary benefit by a disturbance of the currency, even if that disturbance leads to lower prices. The price of labor can not be an exception to the general fall in prices. If profits fall enterprise is contracted, and if enterprise is contracted wages must fall and employment become irregular.

Page 229: Now consider the export trade of India, with wheat for the example. Every fall in silver acts like a bounty on the production of wheat in India,

and the area under cultivation is rapidly extending. But, again, suppose that silver ceases to fall and that silver prices begin to move upward. The Indian producer, in this case, will require more gold than the Western producer; he wants not only the same number of rupees, but more; and then he can only afford to sell for more gold. But if gold prices rise the West of America and the Lothians of Scotland may again find it profitable to grow wheat, and the Indian producer may suffer.

Page 238: Everyone pays sufficient respect to arithmetic to admit that if the prices were fixed and unalterable wages could only arise at the expense of profits. But with falling prices, both wages and profits will fall; and though profits may fall first we may be sure that wages will follow.

Mr. Brooks Adams, of Boston, to whom I am indebted for many facts, in his pamphlet on *The Gold Standard*, says:

Perhaps no single force has wrought so ceaselessly, and yet so subtly on man's destiny as that mysterious influence which causes variations in the value of money with which he buys his daily bread.

In short, between 1873 and the present time these economic phenomena have been subjected to the most patient scrutiny, and have been examined with all the resources of modern science; and if any fact can ever be said to be established by observation, it is that gold has increased very largely in its purchasing power since 1873, while silver remained substantially constant to the end of 1893. In 1893 the repeal of the Sherman Act and the closure of the Indian mints caused a profound disturbance of silver values, which it is still too early to estimate. Nor, for present purposes, is the position of a precious metal, the demand for which has been artificially destroyed, a matter of great moment; the vital fact is the rise of the standard by which property is measured, for this touches the very life of the world.

Within the last fifty years, since the growth of America and Australia has made London more and more the center of exchanges, and, as it were, the heart of the economic system, gold and silver have flowed thither to be sent back again to distant communities which are in the process of development, and the outflow largely takes the form of loans. But these loans have to be repaid, principal and interest, in gold, and as gold daily commands a larger and larger amount of commodities, the produce of the debtors fails to realize the necessary sum and they become bankrupt. * * *

Were the operation of an appreciating currency equal upon all men, little damage might be done, but he perishes first who is weakest, and by his ruin drags down the stronger. The farmer is the weakest of capitalists, and therefore has the least power of resistance, because he can not suspend production. In like manner farm labor is weaker than industrial labor, because it can not combine. Therefore, agricultural prices are the most sensitive, and it is only subsequently that manufacturers suffer through the failure of demand.

Thus, after 1873, the first class to be prostrated in England were the landlords, who were very generally unable to carry their mortgages; but the same fate was certain, sooner or later, to overtake all farmers who were debtors.

The symptoms of this creeping paralysis are but too evident. The Economist of August 26, 1893, says that "the customs and excise returns bear unmistakable evidence of a curtailment of the purchasing power of the community;" and last year, at the lowest prices ever known, Great Britain actually bought 1,000,000 hundredweight less of wheat and wheat flour than the year before, though her population is fast increasing, "and the crops were among the worst grown within the memory of living man." Though the nominal daily wage may be maintained, the surplus of labor causes the individual competitor in the wage market to lose time; or, to put it in another way, the wage fund does not grow in proportion to the increase of those among whom it must be divided. The consequence has been a series of the longest, fiercest, and most disastrous strikes in history, which culminated last summer in the coal-mining troubles in the midland counties, which approached a social convulsion.

On the other hand, the owner of productive property is driven to the wall, for though the price at which he can sell his commodity declines, wages are maintained by the unions; and though the workmen may be starving because of the irregularity of employment, the pay roll stays the same. The mines of the midland really seem to have been showing a loss when the men left the pits, and the best cotton mills of Lancashire have not averaged more than 1 per cent of profit applicable to dividends for several years.

Approached thus, from the historical standpoint, the evidence seems conclusive that the disease which is devouring the world is an appreciating debt, and if this be true it is a disease which does not admit of a local remedy. So long as the obligation of contracts is unimpaired the mere passage of a country from a gold basis to a basis of silver or paper does not appear to afford relief. India, Russia, and Italy are as hard pressed as Australia or the United States. If a single nation is to free itself from the common lot it must be by the repudiation of gold debts.

Every great writer on and every student of political economy who has looked beneath the surface of things is forced sooner or later to the admission that the volume of money is forever the factor determining values. Call them into evidence:

For the value of money in general is the quantity of all the money in the world, in proportion to all the trade.—*Works of John Locke*, volume 5, page 49.

Price, therefore, is the value of any given article, in the currency by reference to which that article is measured; and must, of course, be varied by any variation in the quantity of gold or silver contained in such currency.—*The Question Concerning the Depreciation of Our Currency*, Huskisson, page 4.

The demand for money is regulated entirely by its value, and its value by its quantity.—*Principles of Political Economy*, Ricardo, chapter 13.

A reduction of circulation must tend to lower prices.—*Lord Overston's Tracts*, page 22.

Prices temporarily may rise or fall independently of the quantity of gold in the country; ultimately they must be governed by this quantity. Credit gives a certain latitude without rendering prices ultimately independent of gold.—*Investigations in Currency*, Jevons, page 32.

In this sense, to say that the quantity of money regulates prices is only the same thing as to say of any article that is bought or sold that its quantity is a material factor in determining its value.—*A Chapter in Standard Money*, Giffen.

To show the selfishness, the heartlessness of these gold monometalists and their desire of increasing the value of their gold incomes, I offer the testimony of Mr. Bertram Currie, one of Lombard street's great money magnates, before the royal commission on gold and silver.

Q. But I think you said that a demand for gold increased its value. If there were a fresh demand by America [referring to the American imports] gold must protanto have increased in value.

A. But what evil is done thereby if it has?

Q. Do you think that a fall of prices due to an appreciation of the standard is not evil?

A. I think a fall in prices is no evil.

Q. A fall of prices due to a cheaper production of commodities would be a gain?

A. I ask no question as a consumer. A fall in prices benefits me.

Q. * * * Is it not a fact that owing to the low prices large tracts of country that were formerly profitably cultivated in England have gone out of cultivation and are now producing nothing?

A. If that is so it is because they are unsuited to the production of these commodities.

Q. But I am speaking of land which produced these commodities at a great profit not very long ago.

A. That is the general fate of mankind. Somebody else has found that he can produce them cheaper and better. * * * I know the feeling of the class to which I belong, and I know that any change is diametrically opposed to our feelings, and that whatever change is made, to whatever extent we can, we will be clear of it. If we lend a man £1,000, we will say to him, "Understand we are not to be paid back in this new stuff; we must have gold."

Mr. Montefiore Levi, a distinguished Belgian senator and president of the Brussels International Monetary Conference, in his address to the delegates of that body, said:

The depreciation of silver, so far as it serves as a monetary standard, finds an echo throughout the social organism. But the principal evil of the present situation lies in the instability that results from it. How would it be possible for the merchant or manufacturer to make with safety contracts extending over a long period, as important business transactions generally do, if the shrewdest judgments and the best founded calculations might at any moment be upset by a sudden movement of the money market? There is no need, we believe, to look elsewhere for the cause of the noticeable falling off which has taken place in international transactions. The hesitation which checks all great enterprises and which paralyzes many markets is the direct consequence of the instability in the price of silver as compared with gold.

M. Ernest Seyd, in 1871, wrote the following remarkable prophecy:

It is a great mistake to suppose that the adoption of the gold (standard of value) by other States besides England will be beneficial. It will only lead to destruction of the monetary equilibrium hitherto existing, and cause a fall in the value of silver from which England's trade and the Indian silver valuations will suffer more than all other interests, grievous as the general decline of prosperity all over the world will be.

The strong doctrinarism existing in England as regards the gold valuation is so blind that, when the time of depression sets in, there will be this special feature:

The economical authorities of the country will refuse to listen to the cause here foreshadowed; every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and irreconcilable matters; the workman and his strikes will be the first convenient target; then "speculating" and "overtrading" will have their turn; many other allegations will be made, totally irrelevant to the real issue, but satisfactory to the moralizing tendency of financial writers.

M. Ernest Seyd, in a letter written in 1872 to Hon. Samuel Hooper, of the American Congress, said:

That the rich do not complain of this state of things is explicable; it does not directly affect them; on the contrary it makes the lower classes more dependent. "Then why do not the poor complain?" may be asked. Is it to be expected that Tom, Dick, and Harry, the workmen, should study social economy, so as to be able to propound the doctrines of truth and the practical value of their applications to a subject so obscure as that of money is to most men? Enough that in vague terms they complain of a scarcity of money, of idleness, and want of work, and that this idleness and want of work are in direct relationship with the available means of exchange for intercourse you may admit if you lend an ear to the arguments of the following passages:

"Money is the absolute necessary element in effecting exchanges in commodities, i. e., for carrying on intercourse, i. e., the consumption as well as the production of commodities; hence the numerical presence of money to a great extent guides the number of transactions in either direction. In this sense a supply of money encourages, a diminution of money lessens, the number of transactions.

"So well is this rule recognized in all schools of national economy that we in England pride ourselves specially upon the freedom which we give to gold for its import, export, and free coinage. We know that by exhibiting a 'demand' for gold, and acting accordingly, we can obtain it, but we take great care not to bar its supply in any way; we do everything in order to encourage it, recognizing that in the theory of supply and demand the former is the really active, positive, and productive agent; whereas the old theory contented itself by adhering to the false doctrine, 'the demand rules the supply.'

"We feel and know that this free supply does not only encourage our international trade, but also (and what is more important) our own inland intercourse between ourselves, as it encourages consumption and production. The universal presence of sovereigns (coins) increases the demand for consumption.

"Thus, while for the reasons given we supply gold coin freely, we in England follow the directly contrary course with regard to the less valuable mediums of exchange. We debase them, limit their tender value, close egress and ingress, and thus confine the whole of this great national intercourse between the majority of our people to within a narrow compass or cage, in which it becomes crippled. Hence, the want of supply limits consumption, the want of consumption limits production; hence, idleness, poverty, demoralization, and crime. Tom, Dick, and Harry, with their wives and families, stand idle and become demoralized; not, forsooth, that there is a want of food in the country, for there is enough to eat, but because there are not mediums of exchange sufficient to set the one going to produce something for the other—some of those many things, beyond meat and drink, which, made from cheap and abundant raw material, assist and comfort in bearing life, keeping the one as well as the other to God-ordained modest labor and morality, and profiting both. And for the prevention and violation of these sacred rights I hold responsible the men or soi-disant economists who have framed our monetary laws, who insist on saving and try to prove by all the sophistry in their power that a despoiled shilling is nevertheless not a despoiled shilling, and that they may rob Peter to pay Paul with impunity.

"Men of that class who have made their fortunes in international trade have no other eye for anything else than custom-house statistics or the rules of competition in our manufacturing districts. They overlook altogether the minor and far more important life of the people themselves, and say to them, 'Here we want gold, you must be content with bad silver, and we can not give you much, because it is inconvenient to us,' and with this ofal, which even in that sense is not supplied freely, and is kept within very narrow and unnatural limits, the people must be satisfied.

"A curious feature in connection with this matter is the oft-repeated saying: 'There is no demand for silver.' Blowing hot and blowing cold. First praising supply of gold, then calling for a demand of silver before it is supplied. I say the demand for silver has been destroyed, the strength to use it is gone, pauperism is too great to make a demand such as would satisfy the authorities. And what kind of form must the 'demand' take in order to force a supply? How far must the agony go in order to burst its bounds? Some time ago a general cry arose throughout the country on account of the scarcity of silver. They were people who ascribed this to Colonel Tomlin's effort to agitate the subject, as if that gentleman had bought up and hidden many millions of silver. But the demand seemed genuine, for it was impossible in some parts of England to find silver. The authorities took care to show that the demand was accidental and promised that as soon as the mint had finished coining gold, in a few months, it would coin silver. Yet during this time the demand had to wait, and many hundred thousands and millions of modest transactions between the poorer and industrial classes, from which they might derive comfort and sustenance, could not take place. This accidental demand for silver was a mighty effort of the crippled intercourse, caused by offers for mutual exchange, which exchange could not take place because the means were absent. The sick man tried to rise and had a craving for nourishment; he fell down again because it could not be given him when he wanted it. * * *

"Lessons like these are lost upon our economists. Who can wonder that they utterly fail to recognize the silent suffering of our poorer classes less versed in social economy than themselves, when they refused even to profit by such manifestations which so completely bear out all that we, the advocates of the double valuation have brought forward? And if you bear in mind the great gulf that exists in Europe between the ruling classes and the people, the deep root of prejudice against their rising, the peculiar kind of charity and charitable social economy whose stock arguments rest on abuse of the lower classes with just so much effort for elevating them as 'caution' may admit, you might come to the conclusion that scarcely anything short of rebellion will be found strong enough to serve the authorities as sufficient manifestations of demand for silver. To this point I am certain we must ultimately come. Grave political questions may occupy the world for some years to come, but this question will be one of the rest. Rebellions for similar objects have happened before in this present age."

I make the following extracts from a paper read by J. Barr Robertson, on The Currency Problem, before the Society of Arts January 19, 1893:

In a period like the present of widespread depression in trade and industry, and amongst the people generally, the question as to whether this can be traced to any special cause or causes is one of the highest importance. Numerous controversies have been, and are being, carried on as to these causes, and out of the conflicting masses of argument and fact, of error and confusion, there is gradually emerging the cardinal idea that the predominant cause is the appreciation that gold has undergone in the last twenty years. In 1885 and 1886 a royal commission sat to inquire into the depression of trade and industry, but it practically failed to find any adequate cause for the troubles to which the inquiry extended. In its third report, however, the question of the altered relations between gold and silver was prominently brought forward; it was accepted as proved that the average prices of commodities in gold-money countries had fallen, and that the gold price of silver had fallen, and it was stated that as this depression extended to other countries, and was therefore not the outcome of merely local causes or conditions, the appreciation of gold would be a cause sufficient to account for most of the phenomena into which they had been inquiring. * * * But it is very important in passing to emphasize the fact that outside of the questions of the precious metals and the currency no adequate cause was found to account for the depression.

So far as the United Kingdom is concerned, the following table will show certain figures of very great importance in this controversy:

Per head of the population—Wheat (United Kingdom).

	Net imports per annum.	Home produce per annum.	Total foreign and home produce per annum.	Gazette price per quarter.*
	Pounds.	Pounds.	Pounds.	s. d.
Average eight years, 1872-1879.	184.68	172.77	357.45	51 2
1884	191.57	144.75	336.32	45 8
1885	237.81	139.33	377.20	32 10
1886	187.79	109.93	297.72	31 0
1887	223.63	131.26	354.89	32 6
1888	123.49	127.30	250.79	31 10
1889	219.03	128.65	347.68	29 9
1890	226.38	127.79	354.17	31 11
1891	224.06	124.58	348.64	37 0
Average eight years, 1884-1891.	219.23	129.30	348.53	32 10
January 1, 1893				25 8

* A fall of 36 per cent.

It will thus be seen that in the eight years, 1872-1879, the total quantity of wheat consumed in this country (United Kingdom) was 357.45 pounds per head of the population, at the average price per quarter of 51s. 2d., whereas in the eight years, 1884-1891, the consumption per head of the population was only 348.53 pounds, and yet the average price was as low as 32s. 10d. This was a fall on the average of 30 per cent. Can it possibly be that with a less consumption—that is with less wheat sold in the markets of the United Kingdom in the latter period than the former—there can be any contention that the smaller supply per head of the population could only bring 32s. 10d., while a larger supply in the earlier period should bring 51s. 2d., if the cause was only one of supply and demand? These figures are conclusive that the fall in price is not really due to excessive supply, because there was no excessive total supply.

Where the English grower has been so grievously injured is that, while the prices of wheat have fallen to such a low point in twenty-five years, his rent, wages, and other expenses have not fallen in a corresponding degree, or, rather, they did not fall as the price of wheat fell. He has been taught by leading authorities on the question that the fall has been due to bad seasons, to excessive competition from abroad, and to other causes; and he has been led to hope that the present state of things will, if let alone, right itself, and another era of prosperity soon spring up. But it is a fact that the yield of wheat per acre in all the wheat-growing countries of the world beyond these shores is

gradually diminishing, and the populations of the world are nearly all increasing, and some of them very rapidly, and thus requiring larger supplies of wheat. When, however, the English grower sees, in the midst of his adversity, and at a time when he regards wheat growing as something almost to be despaired of, that the Indian grower is in the enjoyment of a much higher relative price and a very high degree of property from his wheat fields, the former will perhaps begin to think that it can not be wheat growing that is so unprofitable; that there must be some other cause apart from occasional bad seasons or from the supply and demand of wheat throughout the world with which the English grower has to contend, and from which the Indian grower is free.

The question thus naturally arises as to the cause or causes that have led to this fall. Judging from the operations of the law of supply and demand, one might expect to find that there is less gold in circulation compared with the transactions in which gold, or money on the gold standard, is required than was the case twenty-five years ago. It can be said with positive certainty that if there had been more money in circulation in the gold standard countries during the last twenty-five years prices would have been higher, indeed prices would have been maintained at the level of twenty-five years ago if there had been money enough to effect that object. And therefore, conversely, if average gold prices have fallen it is because the supply of gold in the gold countries has fallen off relatively to the transactions requiring the use of money. This will very probably be disputed, if one may judge from the writings of latter-day commentators on the currency, though hardly any proposition in the whole field of monetary science has had such conclusive practical illustration in all countries and all ages, and been so universally accepted.

So that while at any one time the money of the gold standard, for example, has only one value, or one purchasing power, the commodities in which it is valued, and to which it affixes a value, have as varied a price, or purchasing power, as against money, or against each other, as there are commodities in existence. Thus money is being continually measured against all purchasable articles, and its purchasing power is thus tested and adjusted daily and hourly to thousands of articles. But each of these articles being only one in thousands, it is impossible that each separate commodity should as rapidly and exactly adjust the changes in its price to the changes in demand and supply in regard to all the articles, as is the case with money, which is all the time measuring itself against all commodities, and thus keeping the volume of money in circulation continually and completely adjusted to the transactions to be carried out by money.

It would be strange, indeed, if demand and supply could regulate the prices of thousands of articles, and that yet demand and supply in regard to the single article, money, in which they are all valued, should not have a corresponding influence. The truth is, that from the necessities of the case, demand and supply are more potent and more rapid in their action on the one universal article, money, than they are on the varying prices of numerous commodities. Money is seeking for and measuring commodities, and commodities are seeking for and measuring money, and so there is continual competition between them. They are both subject to the conditions of supply and demand, and to those who doubt this we would take a homely illustration and ask, Which of the two limbs of a pair of scissors does the cutting? There are two limbs essential to one operation, namely, cutting, and there are two conditions, the volume of money and the volume of transactions to be performed, by money, essential to the price of one or of all articles. It is true that one limb of the scissors may be sharper than the other, and may thus contribute more to the cutting; and it is also true that the volume or purchasing power of money is more active in adjusting itself to changes in supply and demand than a vast number of commodities can be with their endless fluctuations, because the purchasing power of money over commodities is the average of all these fluctuations.

The consequence of this is that, other conditions remaining the same, the average prices of commodities will fall in proportion to the contraction of the volume of currency in which they are valued.

To sum up the leading facts in regard to gold, there is the undisputed evidence of statistics to demonstrate that the gold prices of commodities have fallen from 30 to 33 per cent, since the period from 1865 to 1899; that is, gold has increased in purchasing power from 43 to 50 per cent.

While it would take too much space to enter into details regarding the practical effects of this appreciation of gold, it will suffice to give some indication of the enormous injury it has inflicted if it is stated that the transfer of wealth from the landed and propertied classes and from the mercantile, manufacturing, and producing classes in the United Kingdom to the holders of securities, mortgages, annuities, etc., can not be less than £2,000,000,000, due solely to the appreciation of gold. It is already a question how much further the holders of securities are to receive the assistance of a continually contracting currency to enable them to go on absorbing further and further the wealth of the producing classes. If no other relief can be obtained it may be necessary to fix a commodity standard instead of a money standard for long-dated payments, as has been recommended by the principal economists of the last hundred years. Such a colossal unearned increment as has accrued to the holders of securities valued in gold during the last twenty years in Europe and the United States, amounting to not less than £7,000,000,000 to £9,000,000,000, is entirely unparalleled in the history of the world, and all other public questions sink into insignificance compared with it.

If, however, our monetary policy is to be based upon a permanent and automatic principle, bimetalism must be adopted.

Then our own gold and silver commission of 1886 to 1888 found unanimously that bimetalism had, in the two hundred years ended in 1873, preserved the ratio between silver and gold, so that it did not vary more than 3 per cent above or 3 per cent below the fixed ratio of 1 to 15½. The six monometallist commissioners favored bimetalism for every country except our own.

President E. B. Andrews, of Brown University, one of the delegates to the International Monetary Conference at Brussels, and one who perhaps has given more attention to this topic from the educational standpoint than any other living man, in a speech on the silver question, made at Meadville, Pa., December 30, 1894, thus replied to certain interrogatories propounded by monometallists:

ABOUT WHEAT.

With reference to the question of wheat I think the cause of the fall in the price is misconceived. The cause of the fall in wheat is not, in my judgment, to any extent set forth when you talk about the cheapening of cost of production and transportation. The great overplus market where prices are

fixed is Liverpool, or, generally speaking, London. Before the price of silver had fallen a man from America or India or Argentina could trade with one just as well as another. But now silver is demonetized, and instead of the silver in a silver dollar being worth the gold in a gold dollar it is worth in a little while only 90 cents in gold. The old amount of silver will buy just as much wheat in India as before, but the old amount of gold will get a great deal more silver than before. The seller from India is in condition to say to the buyer in London, give me your whole trade and I will do 5 cents better than I did before, more or less. The American farmer has got to raise wheat and he has got to sell it. Therefore he is obliged to follow down the Indian merchant. And when silver goes down to 80 cents the American has got to go down to 80 cents, and to 70 cents and to 60 cents in turn. He has got to do it or starve. And that, ladies and gentlemen, is the philosophy of the low prices of wheat in the United States of America.

If you will take the gold price list of wheat and compare it with the gold price list of silver bullion you will find that the wheat has followed the silver as the shadow follows the man. I know that certain gentlemen have "monkeyed" with that, some by taking very brief periods and particular months when the price of wheat might be for the time for local reasons going up or down a little; but generally, taking considerable periods, two or three or five-year periods, you will find that most remarkable parallel. I consider it nonsense to talk of the cause of the fall in the price of wheat as the cheapening of the cost of production and transportation. The railroads have been compelled to follow the price of wheat just as the farmer has and for the same reason. Rather than give up the traffic in wheat altogether the railroads put a little extra tariff on some things, as the local freight traffic, and put the transportation of wheat down to the very lowest figure, even perhaps a little below cost.

Q. Is it not true that the price of wheat has fallen in Argentina, a silver-using country, just as much as it has in England, a gold-using country?

A. The gold price of wheat has certainly fallen in Argentina as it has fallen all over the world, as I have already pointed out. But the general price has not fallen in India or Argentina or China or anywhere, but on the contrary there has been a slight tendency in India at least, which has been the great competitor of the United States of America, for wheat to go up in terms of silver.

Q. Is it not true that from the beginning of this century down to the time the mints of the leading commercial nations were closed to silver, all attempts to maintain the two metals at parity failed, the price of one or the other rising or falling alternately, and did this result in great confusion, in the repeated disappearance of first one metal then the other, and that the closing of the mints to silver was to avoid this great and long-standing evil, which kept prices constantly fluctuating?

A. No, it is not true at all. The fact is quite the contrary, that from 1803 to 1873, every year but one large sums of gold and silver both were brought to be coined at the French mint at the ratio of 15½ to 1. Therefore that relation was maintained at the French mint absolutely, that mint being ready at any time to take any amount of silver or any amount of gold at that ratio, that ratio being departed from only in localities considerably remote from the mint, and then in only very slight degree to very slight extent, the variation in all those seventy years being less than the variation between certified checks and gold in New York City during 1873. And yet certified checks and gold were supposed to be on a parity one with another.

Some gentlemen, like Mr. Edward Atkinson, have scraped together in different countries these instances of a slight premium of gold over silver, or silver over gold, and they have said that before 1848 gold passed out of circulation and that after 1848 until 1870 silver passed out, etc., but these statements, I assure you from the most careful examination of the figures, are quite untrue. Gold and silver both were constantly brought to the mint in great sums. Let any one explain that in conjunction with the allegation that either metal departed from circulation.

That wonderful fact of the maintenance of gold at a parity with silver and silver at a parity with gold at 15½ to 1 through those seventy years in the face of changes in the relative production of those two metals far greater than any that have taken place since 1873, is another thing that the friends of gold monometallism will never let the public know if they can help it, because it is absolute death to their theory. It can not be explained in any other way than that governments, a sufficient number proceeding with due discretion, can maintain those metals together for a very long time easily, so that a given amount of one will have the value of a given amount of the other.

Another very remarkable fact is that the parity of those metals was kept up during all those years substantially by France alone down to 1865. After 1865 to 1873 France had a little help from Belgium, Switzerland, and Italy. Now, if all of that wonderful parity, under difficulties greater than have existed since 1873 could be kept up by practically one nation alone through seventy years, I ask you who are accustomed to reason whether the Latin League together with the United States of America, Great Britain, the German Empire, Austria, Russia, and Scandinavia together could not so tie these two metals together that they would never become parted?

Q. Is there any evidence that the closing of our mints to free coinage in 1873 was done in pursuance of any conspiracy, or that those who voted for the new coinage act of that year were animated by any corrupt or dishonest motive?

A. To this last part of that question, that those who voted for the new coinage act of that year were animated by any corrupt or dishonest motive, I answer, no. I do not believe that there is any evidence that any of them acted from any corrupt or dishonest motive. The only thing for which I think they can be blamed is allowing that legislation to go through silently without any discussion upon it by themselves or by the country. That was more their ignorance in not knowing that they were taking hold of a tremendous power. They were ignorant, and I think they were to a certain extent to blame for that, but I do not think they were corrupt. With reference to the first part of the question I think a somewhat different answer must be given. I believe there were bankers and gold owners in London and Berlin and New York and perhaps elsewhere who knew perfectly well the result of the demonetization of silver, who knew that it would instantly put a new value into every pound sterling of their gold holdings, and that those men used influences unknown to the men over whom they used it, at least so far as this country is concerned used that influence to bring that legislation to pass.

Q. Is it not true that all or nearly all the poorer nations of the world use the silver standard exclusively? Is not their trade and commerce, taking out India, which is a British province, as nothing compared with the trade and commerce of the gold-standard nations?

A. I think few, very few, silver nations are worse off than poor Portugal. Still, in general, it is true that the poorer nations use the gold standard. As to the trade of the silver nations, for America it is very important. That trade has made England rich. We trade comparatively little with gold nations of Europe except it be in agricultural produce. Now, the manufacturing interests of this country have become so immense either they must have an immensely larger home market or they must have a foreign market. Suppose by free coinage or in any other way we could get hold of the trade of the silver-using countries? The result would be unparalleled prosperity, such a boom in American manufacturing interests as has never taken place since we had national being. China, for instance, is about to open the grand-

est market for cotton goods that ever was. England is there waiting for it. If we had silver back so there could be facile trade and money communication between China and Japan on the one hand and America on the other, we would have a better chance than England. The trade of the silver-using countries is not a bagatelle by any means.

Suppose the manufacturing industries were to boom as I have suggested, what would be the result on farming communities of this country? Why, you would have a home market such as you never could have under any other policy. I think if we could command the markets of the silver-using countries, or a very large part of it, the manufacturing plants in this country would double in from fifteen to twenty-five years.

Q. If the double standard is impossible, if we must choose between the gold or the silver standard, is not gold the better?

A. I think so for the present, but would not undertake to say that would be the best policy always. If we alone had to make an everlasting choice I would say choose silver, for the reason that ultimately the trade of the silver-using world would be more important to us than what trade we could have with England, Germany, France, and other gold-using countries.

Q. Would not free coinage stimulate silver production?

A. From the moment when the world becomes convinced that England and Germany and France and the United States of America are going to say that silver shall be no longer demonetized, all the depreciation in silver will disappear. Some of us can remember how gold in terms of paper little by little disappeared in 1873. Why? Because this great nation said it would redeem its paper in terms of gold. It would be the same, I think, in this case. Further, there are not many silver mines in the world where it is profitable to mine silver at 60 cents per ounce. The great output of silver in the last few years has been due to an accident, namely, the construction of the great Rocky Mountain railways, which construction has never paid for itself and which was undertaken for altogether different reasons. Because you could construct little spurs from these roads up to the mines it became possible to open up new silver mines. But that possibility is to-day at an end. People who talk of a great flood of silver have no idea of what they speak. There is a vast deal of silver in Mexico and South America, but it will not be a factor in our time because it will take an enormous amount of capital to enable those countries to increase their output and there is no capital in those countries.

Q. Since 1873, when the new coinage act was adopted there has been added to the currency in circulation under the operations of the Bland-Allison and Sherman acts \$27,000,000 of silver coin and silver certificates, which now exceed the gold by over \$30,000,000, and raising the amount of money in circulation per capita from \$18.94 to \$23.80. This enormous addition of silver to our circulation, constituting now nearly one-half of the whole, has taken place while the fall of general prices has been going on. Does not your remedy of still more silver, an unlimited quantity of it, in fact, seem a strange one in view of these circumstances?

A. If you reinstate silver with the cooperation of a number of nations you enlarge the basis of fundamental money, and that is what tells on prices. That is a fact that Dr. Griffith, an ardent gold monometallist, has not made clear. He has shown that any amount of change or subsidiary coinage, coinage that had to ride upon the back of some other form of money, will never raise prices. That is true. So prices have not been much affected by the amount of silver we have coined in this country because it has not been free coinage of that silver, and had to ride upon the back of gold. Until within a little over a year the amount of gold available for the purposes of money has been falling off, absolutely a little, and relatively a great deal, to the demand for general money. Therefore, your coinage of silver, large as it has been under the Bland-Allison Act, and under the Sherman Act, has affected the price of commodities perhaps not at all and certainly very little. If the law now before Congress (the Carlsle banking law) to put a great amount of paper money into circulation should go into effect, I think that you would find that except locally prices would be very slightly changed; because all that money, if it had any basis at all, would have a gold basis, and gold, though perhaps increasing a little this year because of the great output of South Africa, is decreasing in proportion to the amount of it needed for money.

Q. If wages, owing to whatever cause, monopoly of trades unionism, if you please, have been increased or even remained stationary, and other prices have fallen, owing to demonetization of silver, isn't the wage earner benefited by this condition, which increases the purchasing power of his wages, whether the rest of us are benefited or not?

A. No; the wage receiver is the most hard beset in the long run of any of us in this matter. If you could have all the work possible for the laboring population under a different system of money, and also have the purchasing power of your dollar paid for wages increased as it has since 1873, then of course the wage receiver would be better off by that system. The rest of us would be worse off. But that is just the state of things you can not have. You can not multiply industry, you can not provide labor for the wage receiver to do, and therefore the highest and most disciplined classes of labor even in the long run must submit to a curtailment of wages, as they have. It is a very great mistake to suppose that the wages of labor as a whole have kept up until 1890. The wages of skilled labor, at least of many kinds, did keep up till about that time. But the wages of wage receivers, classing all together, have been steadily falling since 1873. And that must always take place when prices are falling. In other words, while the mere increase of purchasing power of a dollar in wages is a good thing for labor, yet if you introduce a state of affairs which means paralysis of industry, the cessation of a great deal of industry, a great many failures in industry, it is impossible that the laborer should keep on in his old line of prosperity. Since 1873 you have had more strikes in this country than in all the history of the country before; you have had more in England, more in France. It has been one of the phenomena of the period. Say what you please, it means that the laboring classes, take them as a whole, have not been as well off during these years as they were before.

From the speech of Hon. JAMES B. MCCREARY of Kentucky, delegate to the International Monetary Conference, Brussels, Belgium, delivered December 6, 1892:

In the year 1878 the product of gold in the United States was \$51,000,000; in 1877 it was \$46,000,000, and in 1896 it was \$35,000,000. Last year it was eighteen millions less than in 1878.

The world's production of gold in the year 1890 was \$120,000,000.

If from the world's annual product of gold there is deducted \$60,000,000, which according to Mr. Burchard and Dr. Soebbers represents the annual consumption of gold in arts and manufactures, there remains but \$60,000,000 as annual available product of gold. I presume no candid and well-informed person will claim that this amount is sufficient to meet the increasing demands of the world.

There is in volume nearly an equal amount of gold and silver in the world. When silver is stricken down the amount of coin is reduced, and the result must be a diminished per capita amount of money and constant shrinkage of values.

It is interesting to note in this connection, after all that has been said about the

rapid increase of silver and its fluctuations, that it can be quite clearly shown that the supply of gold has increased proportionately more than silver in the last forty-four years taken together, which embraces the period of marked increase of gold and silver, and that silver has fluctuated less than when gold compared with the prices of commodities.

In monetary questions there are certain axiomatic facts which have been repeatedly asserted, and which are self-evident. Among those one of the most important is that the amount of money circulating in the country fixes the price of all property and labor which are exchanged for money.

Another is that the law of supply and demand applies as well to money as to all other things of value, so that if the amount of money is diminished in a country the reduced amounts will have the same purchasing power and will buy as much land, labor, and the products of labor as the larger amount would have bought before it was reduced.

The owners and holders of money, bonds, and mortgages "are directly interested in reducing the volume of money, because it increases the purchasing power of their money or its equivalent. But the interest of the farmer, the laborer, and the producer demands a constantly increasing volume of money because the rate of such increase regulates the price of property and the wages of labor." The shrinking volume of money and the decreasing prices so much complained of unquestionably have a tendency to concentrate wealth and to enrich the few and impoverish the many. I believe gold monometallism helps the few who are rich, but hurts the masses.

The time has come when the law-making powers of the world, and the money-owning powers too, should awaken to the fact that all people have rights, and that all proper steps should be taken that will benefit the great mass of mankind, and push industrial, commercial, agricultural, and financial interests all forward together.

In conclusion, I desire to say, that I believe the best aim of this monetary conference should be the general remonetization of silver, and unrestricted coinage of both gold and silver into money of full debt-paying power with a permanent international ratio between the two metals of 15 to 1, or 16 to 1, and I prefer the latter. This, in my opinion, is the system which will give monetary unity and stability of the value of money and furnish the best remedy of which I have any knowledge for existing evils with which all civilized nations are now suffering.

Eduard Suess, professor of geology at the University of Vienna, Austrian vice-president of the Imperial Academy of Science, and member of the Austrian Parliament, in his work on *The Future of Silver*, written in 1893, says:

For a number of years, on the basis of geologic experience, the world has been warned that its entire monetary system is drifting toward an abyss. During the past year we have approached close to its edge.

As compared with gold, silver is depreciated to an extent without precedent in modern times.

Now, there are short-sighted persons who regard this circumstance as a permanent success for those governments that are in possession of a gold currency; and the complete defeat of silver, and the impossibility of its ever regaining the full dignity of a medium of commerce, especially in Europe, are looked upon as demonstrated.

But this verdict is based on but a small portion of the multitude of facts bearing on the subject. It overlooks the fact that for millenniums the two metals, gold and silver, owing to certain properties by which one became the complement of the other, shared between them the solution of one of the greatest of economic problems; that in recent decades, with the enhancement of material well-being and commerce, this problem has become enormously extended and absorbed constantly increasing quantities of metal; and that the mistake by which the bond of union between the two metals was arbitrarily severed can not become more ominously manifest, for the world's economy and for peaceful progress, than by the divergence of the values of the two metals.

This divergence, moreover, is the very contrary of the assumptions under which some years ago the introduction of the gold standard was proposed and later on defended.

All commerce proceeded without disturbance as long as gold and silver stood to each other in a relation of value established partly by law and partly by usage. The first impulse toward unsettling this relation was given by the large shipments of gold that came to Europe from California and Australia after the year 1849. The world was startled; gold came in such abundance that it began to fall in value; voices were heard in Paris proposing the complete demonetization of the metal, so unreliable in its production.

The possibility of an international agreement unfortunately recedes more and more in the face of accumulating difficulties. The conditions of production both in agriculture and in industry in regions with falling standard depart more and more from the conditions in regions with rising standard. The steady increase and improvement in all the means of mental and physical intercourse has brought about a solidarity of all advanced nations which comprises not only their modes of thinking, but also a large share of their interests. If in consequence of withdrawal of gold deposits the Bank of England raises its rate of discount, every great market of the earth knows it on the same day. The constant silver purchases of the American Treasury determine the level of hydrostatic equilibrium of the price of silver all over the earth. They influence the price of wheat in India, of silk in China, of the sugar that leaves Hawaii. And, as at times an epidemic sweeps over a continent and attacks all nations without regard to political boundaries, so we have seen economic crises spread with invisible power over whole continents, and a single state stand helpless in the presence of the destroying force.

With the divergence of the values of the two metals the world's commerce approaches a great crisis.

Nature has bounded man's life on earth by certain conditions to which even the richest nation and the most powerful government must conform.

The present development of the conditions of currency in Europe is in contradiction with the geologic conditions under which the metals occur. The warnings remain unheard. Let us now attempt to trace out some features of this unnatural development of things.

Speaking of the period succeeding the American civil war:

In March, 1863, large issues of paper money begin to be made, and the mean rate of gold (100=par) is 146. In July, 1864, it reaches 235; about that time the Government debt has already risen to \$1,740,000,000, aside from all emissions of the South. In April, 1865, at last the decisive victories of the North take place, while the debt has risen to \$2,700,000,000; very slowly the rate of gold sinks, and in 1870 it is still 115.

But this very high rate of gold becomes a premium on the exportation of wheat, which begins already during the war under peculiar circumstances—that is to say, the premium on gold has raised the price of wheat for the farmer of that part of the country eightfold.

But in order to obtain a correct view of the very complicated and instruc-

tive relations which, in the course of that decade, influenced the outflow and inflow of gold, we must, first of all, go back a little and cast a deeper glance into the development of the economic conditions of the country.

At the time of the war, and of the great issues of paper money, high prices for the products of agriculture prevailed; at that time the farmer extended his enterprises and contracted mortgage debts at a rate of interest of 10 per cent and much more. When the value of the dollar rose, the producer's premium disappeared. But at the same time the heavy mortgage debt remained. The great Government debt has dwindled; the mortgage debt has risen by this time to \$3,000,000,000. All these circumstances acted all the more oppressively because India, America's competitor in the market of the world, being a silver country, retained its premium.

Thus, in the same year, 1899, there were also exported considerable amounts of silver; the purchase of the higher amount of 54,000,000 ounces per year, that is to say about \$70,000,000, by the Treasury, had begun only in autumn of 1890, whereas formerly the amount had been only 24,000,000 ounces per year. The drainage of gold, however, increased, and the Director of the Mint, Mr. Leech, has published accurate records concerning the outflow from New York for the period from February 13 to July 24, 1891, during which this outflow amounted to seventy millions.

"An examination of the above table," says Mr. Leech, "discloses the very singular fact that of this large amount all but \$9,300,000 was shipped when the rate of sterling exchange was below the point (about \$4.88) at which gold shipments can be made without loss. This movement, therefore, must have been artificially stimulated by banks and bankers in Europe paying a premium on gold or making discounts to bill drawers for cash remittances. This was the result of a condition of affairs very unusual in the mercantile world."

So long as present conditions continue the difference of the reciprocal value of the two metals will increase from year to year. In other words, nature offers too little gold for present demands, while she offers silver in abundance. Thus the present legislative institutions are at variance with the conditions established by nature. Let us continue the supposition of an unchanged state of legislation. The figures show how quickly, especially since 1885, the value relation has changed and how slight the influence of the American purchases has been. Even now agriculture and in part industry in Europe are sorely at disadvantage against silver countries, such as India and Mexico. The most striking proof of this is the development of the Indian cotton-spinning mills at the expense of Lancashire. The advantage of this situation accrues in England to the holders of interest-bearing notes, the productive value of which increases with the growing scarcity of gold.

Under these circumstances it is not surprising that already, in April, 1890, the parliamentary debates on this subject assumed temporarily the embittered character of a struggle of labor against capital, in which employers and workmen alike demanded the restoration of the value of silver.

The former president of the Chamber of Commerce of Liverpool, S. Smith, submitted 140 petitions, with 60,000 signatures, asking for the reestablishment of the bimetallic system. He described the losses which labor was suffering by the one-sided enhancement of the purchasing power of gold. That, he said, was a tax which the drones of society levied on the working bees. It could not promote the welfare of society if the income of the idle, nonproducing class was raised at the expense of the toiling masses. One-half of this new burden was derived from the demonetization of silver. He called the attempt to depreciate silver a huge fraud on civilization. The contraction of the currency was merely in the interest of the rich, and was opposed to the interest of the whole nation.

Sir Houldsworth, a cotton spinner from Manchester, declared that it was incorrect that the wage worker found indemnification in the fall of the prices of the means of living for the loss in work or wages. That equalization either did not take place at all or at most very late, and for that reason the wage workers were so heartily in favor of this petition, since they regarded these conditions as the root of the long years of losses. Mr. T. H. Sidebottom, a cotton spinner from Cheshire, lamented the pitiable condition of all debtors in the country, who had assumed burdens under entirely different conditions. The producers were at this day the victims of a monetary vivisection. It was said that England is a land of creditors. But who had made her such if not the inventive talent and the industry of her inhabitants?

To this Sir Lyon Playfair replies that the participation in a bimetallic congress means that England, the great creditor of the world, is to invite the debtor nations to deliberate whether the debts contracted in gold since 1816 might hereafter be liquidated in depreciated silver. The new Latin Union would last just so long as England was willing to remain in the union, in order to be shorn like a gentle sheep by the debtor nations.

Speaking of Mexico:

Aided by this premium on exportation, exports are rising from year to year, wealth flows into the country, and the textile industry begins to improve. "Silver, demonetized by Europe," says Struck, "will retaliate in so far as the great industrial countries of Europe, owing to the depreciated value of the white metal, caused by the action of these very countries, will never again supply cotton goods of extensive consumption to the Mexican and probably to other markets."

Still more vividly, however, is the shifting of the situation to the disadvantage of Europe expressed by the circumstance that Mexico has utilized this prosperous time for great and permanent investments, which guarantee its productive power for the future and have assured President Porfirio Diaz an undisputed position in this land, formerly so disturbed. In his address to Congress in April, 1891, he was able to point out that there are now in operation over 10,000 kilometers of railways and 31,700 kilometers of telegraph lines; that since the preceding August (1890) some 606 new mine concessions had been applied for; that the furnaces of Monterey and San Luis de Potosi had been completed and others were in course of construction; that a public-school law was being elaborated. In a second address, September 16, 1891, the President announced the progress of vine culture and silk culture. Since 1889 the number of pieces sent by mail had risen from 5,000,000 to 125,000,000. Six new steamship lines had been conceded. The customs receipts in four years had risen 9,000,000 pesos.

It might be expected that the great exportation of precious metal would check the development of other kinds of exportation, but this is in nowise the case. While the average exportation of other products of the country in the preceding five years was 49,700,000 pesos, it rose in the last two years to 62,500,000 and 63,100,000 pesos.

The loss which Mexico suffers by the payment of interest on gold debt now amounts to about 2,000,000 pesos a year.

In this way Mexico repeats the same phenomena which were exhibited by the other silver land, India, to wit, unchanged purchasing power of silver in the country itself, hence premium to the advantage of the producer against gold lands, general economic advance, permanent opening of the country,

but on the other hand difficulties of the financial administration due to foreign debt in gold.

Let us suppose, therefore, that the United States decide upon the free coinage of silver. Silver rises in value. Perhaps European governments, despite Windom's prediction, may succeed on that occasion to get hold of some fraction of the greatly overestimated gold circulation of America, even though it be at the increased price of silver, and thus to offer some transient relief to the gold market in Europe. The prices of the two metals converge. Silver is relieved of a part of the loss which it thus far suffered through lack of esteem, but it does not rise to 15j. This result is indicated by the ratio of production, the consumption of gold, and the experience of the slight effect of previous silver purchases on the price of the metal. A premium remains for silver countries, all the more because the causes continue which promote the scarcity of gold.

A pan-American standard may be established on the basis of silver alone. Not without reason does the silver party adhere to Mr. Blaine.

But the outcome of such a movement must be the partition of the earth.

In fact a silver land finds it very difficult to buy of a gold land, and will always prefer to seek its necessities in a land having the same standard.

In Bolton, near Manchester, the cotton manufacturers have just decided to work only four days in the week and to lie idle for three days. And while in Europe there is thus taking place a displacement of the conditions of production, for which comfort is vainly sought in the cheapening of a few of the means of living, a cheapening which, for the most part, vanishes in the retail trade, the chamber of commerce of Bengal at the same time passed a resolution which likewise complains bitterly of the present state of things. The confidence in the silver rupee is said to have sunk in business circles. No European capital is said to go any longer to India; the relations between the East and the West are said to be stagnant. The Indian Government would either have to make a move toward international agreement, or, if that be unattainable, it would have to introduce the gold standard into India at once.

Thus the tension is increased, and both parties suffer.

The utterances of the Bengal Chamber of Commerce leads us from the commercial to the financial relations. Indebtedness in gold, especially when it rests on a silver land, manifestly rises from year to year with the divergence of values. While any economic gain due to the premium in the silver land is distributed among thousands of hands, in the figure of the interest which is due in gold, the burden finds concentrated expression, and it increases with every fraction by which the ratio rises. Many a statesman of an honestly toiling, upward-striving land watches with anxiety this figure which withdraws from his country undeservedly and inexorably a part of the fruits of its industry, and conveys to the bondholder unearned and unexpected gain. The crises of recent times have furnished abundant examples in which the paying capacity of a debtor country was exceeded and a good part of the capital was lost along with the interest.

Here I would like to return to a word of Balfour's already cited (page 90). Money is said to be also the measure of value of deferred payments. The longer the period of deferment the graver must be under present circumstances the consequences of the progressive divergence of the values of gold and silver. The silver land is loath to buy in the gold land, but it must be yet far more careful not to incur long-time gold debt. The almost complete cessation of the emission of foreign loans in London in 1891 is a consequence of the experiences in South America, which, however, have become as instructive to all other debtors as they are to the creditors who have to bear the loss. That, and not the success of the gold régime, is at this day the reason of the cheapness of loan money.

Hence any international agreement, though urgently to be recommended will at this day much more than in former years, after the bond, unfortunately, has been prematurely severed, bear the marks of a transition measure. The object of this measure would be to prevent the partition of the earth till the moment, perhaps distant, perhaps near at hand, when Asia shall be more opened up, or when the world shall be ready to dispense entirely with the monetary services of gold.

Europe, I fear, is laboring under a grave delusion. The economy of the world can not be arbitrarily carried on in the mere hope that somewhere a new California and at the same time a new Australia may be found, as in 1849-1852, whose alluvial land may again give relief for a decade. The present small undulations in the figure of production, however, are without any further significance for the grand process.

Under these circumstances it might indeed happen that the results foreseen by Lexis would ensue, to wit, that even with a very high ratio within a bimetallic union a premium on gold would grow up in the course of years, called forth not by the demand for gold for exportation but by the demand for gold within the area of the league itself.

But any condition is better than the present one, in which we are drifting on toward the partition of the earth into two trade areas.

We assume the case that the United States, despite all warnings, establishes the free coinage of silver. At one blow the Pan-American standard is established. All Asia joins in. The gold standard is limited to Europe and the English colonies, but without India. That, we said, is the partition of the earth. This idea of a partition of the earth into a silver sphere and a gold sphere has already come forward repeatedly.

In the gold area, too, there would at first be improvement, but soon there must ensue more and more contraction, fall of prices, injury to labor.

All obstacles now thrown in the way of commerce by tariffs would dwindle into insignificance compared to the barrier that would be erected by the partition of the earth into two solid areas of different money standards.

As the silver area comprises all zones, all natural products, and, in the United States, also all industries, a great independent economic unit would be constituted by the silver area. Exportation from the gold area would be rendered difficult, and yet the gold area would be dependent on the other for many products, as is proved by the balance of goods, already passive in a high degree even to-day, of Great Britain, Germany, and France. Silver capital would grow up in the silver area, and silver lands would borrow only silver capital. At the same time, however, in the whole silver area industry would continue as hitherto, consuming gold. That is the "walling-in" of Europe.

Whether the United States will make this or some other choice is not now known, but in any case some deductions arise from the present situation.

First of all, it is certain that Europe, in case of refusal to enter into an international agreement, leaves America's hand free to enact measures which must exert the most profound influences on all commerce and on the money affairs of Europe herself.

Furthermore, it is certain that gold alone can never become the standard

of the whole earth, but that, on the contrary, a time will come when it will have been entirely absorbed by industry. Let us not forget Soetbeer's results, according to which the entire monetary stock of the earth is smaller by almost one-third than the production of the last forty years.

From this it follows, furthermore, that, assuming that the system of metallic coinage continues to exist (and I see as yet no practicable substitute), silver will become the standard metal of the earth.

When Buckle wrote that famous chapter of his history of civilization in England which treats of the influence exerted by the laws of nature on the institutions of human society, he could not yet have foreseen that it would be possible from the data given by nature to establish a prognosis for perfectly definite economic questions. He took into consideration the distribution of climates and the variety of the external conditions of life. But the comparisons change as soon as man employs a definite substance whose occurrence is subject to definite laws, and as soon as one is able to take into account the limits of occurrence of this substance, the parallax of quantity as it were, albeit within ever so wide confines. Gold is not the rarest metal, but it is too rare for the task which some would like to impose on it.

Delmar, the Chief of the Bureau of Statistics of the United States, put forth the view "that the probable exhaustion of all the great gold-bearing alluviums of the world and the number and the possible wealth of the silver mines, through the effect of quantity and aside from other circumstances, would tend to widen the relation of value between the two metals, and in this way to render gold dearer and dearer, and silver cheaper and cheaper."

The same result was reached at the same time through studies in Europe. Experience since then has confirmed them. The governments to whom belongs the leadership in these things may now ask themselves whether they have the strength and the will to draw the logical conclusions, or whether they will continue to judge a subject which concerns the whole earth merely from the standpoint of the immediate interest of their States; whether, in particular, in England the interest of the Government creditors is to remain the ruling interest.

China was able through thousands of years to draw upon itself for its requirements and to continue in isolation. Europe will not bear isolation from the other continents. The question is no longer whether silver will again become a full-value coinage metal over the whole earth, but what are to be the trials through which Europe is to reach that goal.

Leon Faucett, in 1843, wrote:

If all the nations of Europe adopted the system of Great Britain, the price of gold would be raised beyond measure, and we should see produced in Europe a result lamentable enough.

Before a French monetary convention in 1860, testimony was given by the late M. Wolowski, by Baron Rothschild, and by M. Rouland, governor of the Bank of France. M. Wolowski said:

The sum total of the precious metals is reckoned at 50 milliards, one-half gold and one-half silver. If, by a stroke of the pen, they suppress one of these metals in the monetary service, they double the demand for the other metal, to the ruin of all debtors.

Baron Rothschild said:

The simultaneous employment of the two metals is satisfactory and gives rise to no complaint. Whether gold or silver dominates for the time being, it is always true that the two metals concur together in forming the monetary circulation of the world, and it is the general mass of the two metals combined which serves as the measure of the value of things. The suppression of silver would amount to a veritable destruction of values without any compensation.

Torrens, in his work on political economy, says:

Gold is a commodity governed, as all other commodities are governed, by the laws of supply and demand. If the value of all commodities in relation to gold rises and falls as their quantities diminish or increase, the value of gold in relation to commodities must rise and fall as its quantity is diminished or increased.

Fichte says:

The amount of money current in a State represents everything that is purchasable on the surface of the State. If the quantity of purchasable articles increases, while the quantity of money remains the same, the value of the money increases in the same ratio; if the quantity of money increases while the quantity of purchasable articles remains the same, the value of money decreases in the same ratio.

John Locke, in his "Considerations," etc., published in 1690, said:

Money, while the same quantity of it is passing up and down the Kingdom in trade, is really a standing measure of the falling and rising value of other things in reference to one another, and the alteration in price is truly in them only. But, if you increase or lessen the quantity of money current to traffic in any place, then the alteration of value is in the money.

The following is from an essay on money by David Hume, the great Scotch historian:

It is certain that since the discovery of the mines in America industry has increased in all the nations of Europe. * * * We find that in every kingdom into which money begins to flow in greater abundance than formerly everything takes a new face; labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skilful, and even the farmer follows his plow with greater alacrity and attention. * * * The good policy of the magistrate consists only in keeping it, if possible, still increasing, because by that means he keeps alive a spirit of industry in the nation and increases the stock of labor, in which consists all real power and riches. A nation whose money decreases is actually at that time weaker and more miserable than another nation which possesses no more money, but is on the increasing hand.

Adam Smith, the father of political economy, says, page 205:

From the high or low money price, either of goods in general or of corn in particular, we can infer only that the mines, which, at that time, happened to supply the commercial world with gold and silver were fertile or barren.

Any rise in the money price of goods which proceeded altogether from the degradation of the value of silver would affect all sorts of goods equally, and raise their price universally a third or a fourth or a fifth part higher, according as silver happened to lose a third or a fourth or a fifth part of its former value.

John Stuart Mill, in Principles of Political Economy, says (page 301):

If the whole money in circulation was doubled, prices would double. If it was only increased one-fourth, prices would rise one-fourth. The very same

effect would be produced on prices if we suppose the goods (the uses for money) diminished instead of the money increased, and the contrary effect if the goods were increased or the money diminished. So that the value of money—all other things remaining the same—varies inversely as its quantity; every increase in quantity lowering its value and every diminution raising it in a ratio exactly equivalent. That an increase of the quantity of money raises prices and a diminution lowers them is the most elementary proposition in the theory of currency, and without it we should have no key to any other.

Ricardo plainly says in regard to this question:

That commodities would rise and fall in price in proportion to the increase or diminution of money I assume as a fact that is incontrovertible. That such would be the case the most celebrated writers on political economy are agreed. * * * The value of money does not depend upon its absolute quantity, but on its quantity relative to the payments it has to accomplish; and the same effect would follow either of two causes—from increasing the uses for money one-tenth, or from diminishing its quantity one-tenth.

The Encyclopedia Britannica, 1859 (article Precious Metals, by J. R. McCulloch), says:

A fall in the value of the precious metals, caused by the greater facility of their production, or by the discovery of new sources of supply, depends in no degree on the theories of philosophers, or the decisions of statesmen or legislators, but is the result of circumstances beyond human control, and although, like a fall of rain after a long course of dry weather, it may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are engaged in industrial pursuits, and is, speaking generally, of great public or national advantage.

William Stanley Jevons, professor of political economy and logic in Owen University, England, says:

I can not but agree with Mr. McCulloch, that, putting out of sight individual cases of hardship, if such exist, a fall in the value of gold (increasing the quantity of money) must have, and as I should say, has already a most powerful beneficial effect. It loosens the country from the old bonds of debt and habit as nothing else could.

Prof. Francis Wayland in his work, Elements of Political Economy, which is taught in our schools and colleges, page 296, says:

If there is more money in a country than is needed for its exchange the price of goods is raised and it is sent abroad for new purchases. If there is a scarcity of money in a country the price of goods declines and money comes from other lands to be exchanged for them.

Prof. Francis Bowen in his work, American Political Economy, page 280, says:

The power of money thus to determine its own amount arises from the reciprocal action of the quantity of money in active circulation and the price of commodities. All exchange, as I have said, is a barter of merchandise for money, and the quantity of money which an article of merchandise will command in the market is termed its price. Increase that quantity, and the price of all articles inevitably rises; diminish it, and the price as certainly falls.

Thomas Tooke, an eminent English economist, says:

Hence new uses will be found for it when it is abundant; new avenues of commerce will be opened, new branches of industries will be essayed, until increased production finds employment.

Prof. Bonamy Price says that the purchasing power of the so-called precious metals has fallen fourteen times since the reign of the Henrys—that is, 7½ cents would then buy as much as 100 will now.

Dr. Soetbeer, the great German authority, says:

The value of money has fallen through the issue of paper money, as well as through the increased productions of gold and silver.

Judge John Barnard Byles, one of England's greatest jurists, in his work, Popular Political Economy, page 154, says:

Men talk glibly of variations in the currency. Few reflect on the awful extent to which such changes affect the prosperity of all ranks. The laborer, the pauper, and the beggar are as much interested in the currency question as the manufacturer, the shopkeeper, or the great proprietor of lands or funds, and even more.

Alexander Hamilton, in his report on the Mint in 1792, said:

To annul the use of either of the two metals as money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full with the evils of a scant circulation.

M. Edward Cazalet, of Milan, a distinguished and very able Italian banker, says:

Since the value of all articles of commerce is represented by the currency, the value of these articles must fall in proportion to the reduction in the volume of the currency; otherwise the moneyed currency could not possibly do the work which the two metals combined had previously performed.

The London Economist, in its review (1869) of the previous financial year, said:

It may be safely affirmed that the present annual supply of thirty millions sterling of gold is no more than sufficient to meet the requirements of the expanding commerce of the world, and prevent that pressure of transactions and commodities on the precious metals, which means in practice, prices, and wages constantly tending toward decline. The real danger is that the present supplies should fall off, and among the greatest and most salutary events that could now occur would be the discovery of rich gold crops in three or four remote and neglected regions of the earth.

William H. Crawford, Secretary of the Treasury, in a report (February 12, 1820) to Congress, says:

All intelligent writers on currency agree that when it is decreasing in amount, poverty and misery must prevail.

Mr. R. M. T. Hunter, in a report (1852) to the United States Senate, says:

Of all the great effects produced upon human society by the discovery of America there was probably none so marked as those brought about by the great influx of precious metals from the New World to the Old. European industry had been declining under the decreasing stock of the precious metals,

and an appreciating standard of values; human ingenuity grew dull under the paralyzing influences of declining profits, and capital absorbed nearly all that should have been divided between it and labor. But an increase in the precious metals, in such quantity as to check this tendency, operated as a new motive power to the machinery of commerce.

Prof. A. L. Perry says:

The fact that such a medium is in universal circulation, and that the holders are ready and willing to exchange it against any sort of service adapted to gratify their desires, exercises a kind of creative power, and brings a thousand productions to market which would otherwise never have come into existence. Money is a form of capital which stimulates and facilitates all the processes of production without exception.

Professor Chevalier, of France, in speaking of the increase of money, says:

Such a change will benefit those who live by current labor and enterprise; it will injure those who live upon the fruits of past labor. In this respect it will work in the same direction with most of the developments which are brought about by that great law of civilization to which we give the noble name of progress. It has been wisely said that there is no machine which economizes labor like money, and its adoption has been likened to the discovery of letters.

Francis A. Walker, of Yale College, professor of political economy and history, says:

The question whether the supply of money shall increase or decrease is, then, the question whether the burden of these more or less permanent charges shall be diminished or enhanced.

Mason and Lailor, *Primer of Political Economy*, page 50:

One thing may rise in value, but in order that it may do so, other things (Prop. 30) must fall. If money rises in value, it will take less of it to buy other commodities. Therefore general prices will fall.

Professor Syme, *Industrial Science*, page 151:

Money in the United States is more plentiful than it is in England (as proved by the higher prices of commodities and wages in the former than in the latter country), and it is more plentiful in Australia than it is in the United States.

Mr. J. R. McCulloch, the English economist, speaking of an increasing volume of money, says:

It promotes industry and diminishes the weight of obligations which press upon producing classes, whether employed or unemployed.

Fawcett, in *Handbook of Finance*, pages 146 to 148, says:

The decline of prices since 1873-75 is explained by the increased value of gold. The first effect was to cause a collapse in "speculative securities," viz, bonds of railroads, etc., which were based on the expectations of a continuance of high prices for commodities or, in other words, a low value for gold.

The following extract from Allison's *History of Europe* shows that this ruinous policy of contraction has obtained in other countries beside our own, and that the effect was then, as now, to fill the coffers of the rich money lenders at the expense of all other classes:

* * * But if an increase in the numbers and industries of men coexists with a diminution in the circulating medium by which their transactions are carried on, the most serious evils await society and the whole relations of its different classes to each other will be speedily changed, and it is in that state of things that the saying proves true, "that the rich are every day growing richer, and the poor poorer."

[John A. Logan.]

The cause of our depression is money famine, and nothing else.

[James A. Garfield.]

Whoever controls the volume of money of any country is absolute master of all industry and commerce.

[Daniel Webster.]

Liberty can not long endure in any country where the tendency is to concentrate wealth in the hands of a few.

[Professor Walker.]

That prices will rise or fall as the volume of money be increased or diminished is a law as unalterable as any law of nature.

[Andrew Jackson.]

If Congress has the right under the Constitution to issue paper money, it was given them to be used by themselves, not to be delegated to individuals or corporations.

[Abraham Lincoln.]

Labor is prior to and independent of capital. Capital is only the fruit of labor, and could never have existed had not labor first existed.

If a government contracted a debt with a certain amount of money of circulation, and then contracted the money volume before the debt was paid, it is the most heinous crime that a government could commit against the people.

[Thomas Jefferson.]

I believe that the banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people, to whom it belongs. Let the banks exist, but let them bank on Treasury notes.

[Speech by Senator Beck of Kentucky, page 256, CONGRESSIONAL RECORD, January 11, 1878.]

I know that the bondholders and monopolists of this country are seeking to destroy all the industries of this people in their greed to enhance the value of their gold. I know that the act of 1873 did more than all else to accomplish that result, and the demonetization act of the Revised Statutes was an illegal and unconstitutional consummation of the fraud. I want to restore that money to where it was before, and thus aid in preventing the consummation of their designs.

[Speech of Senator Voorhees in CONGRESSIONAL RECORD, January 15, 1878, page 322.]

The silver dollar is peculiarly the laboring man's dollar, as far as he may desire specie. * * * Throughout all the financial panics that have assailed

this country, no man has been bold enough to raise his hand to strike it down; no man has ever dared to whisper of a contemplated assault upon it; and when the 12th day of February, 1873, approached, the day of doom to the American dollar, the dollar of our fathers, how silent was the work of the enemy! Not a sound, not a word, no note of warning to the American people that their favorite coin was about to be destroyed as money; that the greatest financial revolution of modern times was in contemplation and about to be accomplished against their highest and dearest rights! The taxpayers of the United States were no more notified or consulted on this momentous measure than the slaves on a Southern plantation before the war, when their master made up his mind to increase their task or to change them from a corn to a cotton field. Never since the foundation of the Government has a law of such vital and tremendous import, or indeed of any importance at all, crawled into our statute books so furtively and noiselessly as this. Its enactment there was as completely unknown to the people, and indeed to four-fifths of Congress itself, as the presence of a burglar in a house at midnight to its sleeping inmates. This was rendered possible partly because the clandestine movement was so utterly unexpected, and partly from the nature of the bill in which it occurred. The silver dollar of American history was demonetized in an act entitled "An act revising and amending the laws relative to the mints, assay officers, and coinage of the United States."

Horace Greeley saw what but comparatively few saw as clearly as he did, viz, that the establishment of the British system meant slavery not only to the blacks, but to the whites; and these were the words for which the bankers of New York drove him from the office of the Tribune with a broken heart to the grave. He said:

We boast of having liberated 4,000,000 of slaves. True, we have stricken the shackles from the former bondsmen and brought all laborers to a common level, but not so much by elevating the former slaves as by practically reducing the whole working population to a state of serfdom. While boasting of our noble deeds we are careful to conceal the ugly fact that by our iniquitous monetary system we have nationalized a system of oppression more refined, but none the less cruel, than the old system of chattel slavery.

Senator Ingalls said in a speech in this city on February 15, 1878:

No people in a great emergency ever found a faithful ally in gold. It is the most cowardly of all metals. It makes no treaty it does not break. It has no friends it does not sooner or later betray.

Armies and navies are not maintained by gold. In times of panic and calamity, shipwreck, and disaster, it becomes the agent and minister of ruin. No nation ever fought a great war by the aid of gold. On the contrary, in the crisis of the greatest peril, it becomes the greatest enemy, more potent than the foe in the field; but when the battle is won and peace has been secured, gold reappears and claims the fruits of victory. In our own civil war it is doubtful if the gold of New York and London did not work us greater injury than the powder and lead and iron of the rebels.

It was the most invincible enemy of the public credit. Gold paid no soldier or sailor. It refused the national obligations. It was worth most when our fortunes were the lowest. Every defeat gave it increased value. It was in open alliance with our enemies the world over, and all its energies were evoked for our destruction.

But as usual, when danger had been averted and the victory secured, gold swaggers to the front and asserts the supremacy.

WILLIAM P. ST. JOHN.

Statement of William P. St. John, president of the Mercantile National Bank of New York, before the Committee on Banking and Currency:

Mr. Chairman, you will remember that I declined your first invitation to be heard on the topic pending. My apology was, and I repeat as my explanation and excuse for what I shall say, that at this juncture, while our primary money is so undetermined, I deem any new creation of bank notes, State or national, perilous to the prosperity of the United States.

There is a very widespread unrest of opinion on this topic and the allied topic, called the "silver question," even in New York and New England. Public opinion is under a newspaper terrorism in New York. Men who agree with me fully, and I know many of them of considerable wealth, prefer to keep silent for the present. Anybody who will write at length a lot of nothingness adverse to silver money will be accorded certain newspaper's space and be dignified into great authorities. Rejoinder, if complete, and the more complete the more certainly, is denied even a limited space. Again, other men believe that until a change of Administration here approaches it will merely cost them influence to speak their conclusions favorable to silver money. Then, too, certain newspapers shield their readers against intelligence and cow them out of any timid convictions they might indulge.

As an instance, Mr. Horace White's *Evening Post* a few weeks ago quoted at length from the London Economist one Rawlinson's criticism of Manchester's complaint of England's gold monometallism as relating Manchester to India. The complete rejoinder of two weeks later in the Economist, a compilation of facts that refuted Rawlinson totally, has never even been mentioned by the *Evening Post*. The *Evening Post* spreads at length in several columns a reprint of a recent paper of Mr. McLeod, nine-tenths of which neither is as acceptable to myself, as an independent timeteller, as to anybody else. The real truth which is so universally acceptable is a pad of dignity to the conclusions which they do not, in the slightest degree, warrant. And so it goes.

But conditions current here and elsewhere are forcing the truth upon general attention, and a rebellion against this tyranny and concealment of facts will manifest itself ere long in New York as elsewhere. I have recently been urged by commercial bodies of two important Eastern cities to address them at length upon my convictions. I declined on the ground that I have talked so much that I deem it unwise to be heard again on the topic until invited to speak by my immediate associates in the city of New York.

The paper that I now ask the privilege of reading was prepared for a monthly magazine of importance. I asked the space at first, but afterwards withdrew the request. The editor urged my carrying out my first intention. His private secretary heard the matter in the rough and urged me the more to complete it for his magazine. I learn this morning that more acceptable matter will crowd me out, which is only another evidence of what you gentlemen, aiming to serve your country, are entitled to complain of in the Eastern press.

I would like to explain in advance a term I use for the sake of brevity and without intending offense to anyone, namely, "goldites." The "goldites" are that infinitesimally small but prodigiously influential coterie in the United States who believe that no one nation, not only, but not all the commercial nations combined in a concert of laws, could provide unlimited coinage for

gold and silver on one ratio, and attract thereby the gold and silver coins, or certificates for them, into concurrent circulation as money.

Mr. St. John then read the following paper:

GOLD MONOMETALLISM THE PERIL OF THE UNITED STATES—BIMETALLISM ATTEMPTED INDEPENDENTLY, TO ACHIEVE BIMETALLISM IN EUROPE BY THE EQUIVALENT OF A CONCERT OF LAWS.

Under official dictation, tutored by the one most aggressive of all our hand-ful of "goldites" in the United States, Congress fiddles with bank notes while the burning issue is our primary money.

Identically tutored, our Chief Executive has required his Secretary to abandon the option conferred by law upon the United States and grant to holders of the United States notes the right to exact gold always, silver never, as their redeeming coin. Had the option to redeem in silver dollars been exercised boldly at the time when only 3,000,000 silver dollars were owned by the United States, with an ownership of \$116,000,000 gold, any possible alarm could have been laughed to scorn. To attempt to seize upon and exercise the option now, or under immediately prospective conditions of our Treasury, would be to court all the perils of disaster.

Identically tutored, the demand appears, "one step at a time," to substitute bank promises of money for \$907,000,000 of the primary and secondary money which they promise. Were the scheme adopted and successful, the result achieved would be \$907,000,000 of new bank promises, \$907,000,000 of existing bank promises, and \$1,700,000,000 of promises called deposits, an aggregate of \$3,504,000,000 of national-bank liabilities payable on demand, resting or wrangling on our available supplies of gold. The pretense of the tuition is that this is "sound finance."

Redundant bank notes have invariably banished gold and silver. They were never suspected of enticing either into money. And national banks cannot hope for popular consent to their redeeming their circulating notes in officially discarded silver dollars.

LAW THE LIFE PRINCIPLE IN MONEY.

Money is the creature of law. Money is all domestic. Our ten-dollar gold piece is accounted 232 grains of nine-tenths fine gold when beyond the jurisdiction of the United States. Money and yardstick have nothing in common. The yardstick is an exact, unvarying measure of length. Money is an uncertain, variable measure of varying values. The yardstick is not bartered for commodities. Money is the means of acquisition and momentarily the measure of value of the thing acquired. The yardstick is a unit of length. The dollar as a "unit of value" is preposterous. Our Hamilton-Jefferson statute, founding the mint, provided a dollar as our "unit of account." That dollar of 1792 and the dollar of 1894 contain identically 371.25 grains of silver.

AGGREGATE OF MONEY DETERMINES PRICES.

The aggregate of all money afloat and in bank in the United States is our true measure of normal value of commodities here. The aggregate of money of all nations trading internationally is the measure of normal value of all commodities consumed by all. Therefore, to enlarge the aggregate of money in the United States is to raise normal prices for home and internationally consumed commodities here. Per contra, to diminish the aggregate of money in the United States is to lower all normal prices of internationally moving commodities in all of the trading world.

PERFECTION IN MONEY IMPRACTICABLE.

Omniscience and infinite integrity in lawmaking, but nothing short of these, would yield perfection in money. Perfection in money, thus provided, would involve the use of neither gold nor silver, nor any other commodity.

But my caution against any attempt at such perfection in the money of the United States is that imperfect humanity has never been more safe to handle any near approach to such perfection, or with any other than commodity money, than children have been safe to toy with keen-edged tools. The peril of any other than commodity money in the United States is the reasonable certainty of an overissue of it and collapse.

Now, if my caution against it will be quoted along with my description of it, I will describe perfect money, to wit:

Any convenient substance of about the "intrinsic" properties of silk-ribbed paper prepared to defy the counterfeiter, issued by authority of the law of the United States, and promise no redemption whatever, except acceptance for all dues to the United States and also made receivable and payable for all dues and debts, public and private, within the jurisdiction of the United States.

If United States notes of 1862 and Treasury notes of 1890, together \$497,000,000, were retired, they might all be replaced with logically perfect money as described, provided silver dollars and certificates and bank notes were also all retired. The success of the issue would insure overissue, and then collapse.

Bank notes differ only in degree from Treasury notes, for this same peril lurking in them. The wary can escape a degree of peril in the bank note, refusing it as not a legal tender. But the peril is in the bank note, nevertheless, as Jefferson and Andrew Jackson knew. Nature's restrictions upon the world's supplies of gold and silver, and the burden of the art and industrial uses for these commodities, make these safer than irredeemable paper as our tool of trade.

MINT PRICE MAKES MARKET PRICE.

Gold bullion and United States gold coin enter Europe with one and the same right conferred by law, the right of transition into Europe's money. By law gold carries the right of transition into English money at the price of £3 17s. 10d. per Troy ounce, eleven-twelfths and 1 pennyweight fine. By law, France, Germany, and the other important continental States similarly endow gold. And, by virtue of our law, gold carries the right of transition into the money of the United States at the fixed price of 23.22 grains pure, or 25.8 grains nine-tenths fine, for a dollar.

Thus, by law, the market price and mint price of gold are one and the same, so long as there is gold produced each year more than the arts and industries and India absorb. For so long, gold in the lump, its weight and fineness being known, is the equivalent of coin in Europe and the United States, for the reason that the possessors of gold will accept no lower price while the mint price is offered in lawful money at the mint; and artisans will not pay more for gold because it is obtainable at the mint price by melting the coin.

IMAGINE SILVER MONOMETALLISM SUBSTITUTED.

Imagine all these mints of Europe and the United States to deprive gold of all further right of transition into money. Imagine the law of each of all these nations to grant to silver exclusively the right of transition into the money of each, at one price, equivalent to 371.25 grains pure (412.5 grains nine tenths fine) for a dollar. Thenceforth the "price of silver" in Europe

and the United States would be this one mint price. Silver in the lump then, as gold now, its weight and fineness being known, would be the equivalent of coin. Possessors of silver then would not accept less than this one mint price for it, for the reason that lawful money could be had for it, at this price, at the mint; and the artisan would pay no more for silver because he could obtain it at this mint price by melting silver coin.

LAW DICTATES THE PRICE OF GOLD.

But, with the support of mints withdrawn from gold, and provided there is, as some economists aver, a yearly production of gold neighboring \$25,000,000 more than the arts, industries, and India absorb, the market price of gold would fall rapidly until the price attained would permit the lower arts, utensils and the like, to absorb the surplus gold. Exactly this result is evident in the world's withdrawal of mint support from silver, but much less rapidly attained.

BIMETALLISM BY CONCERT OF LAWS EXPLAINED.

Next, imagine all these mints of Europe and the United States to grant alike to gold and silver the right of transition into their money at the will of the possessor, at one price for gold, equivalent to 23.22 grains for a dollar; and at one price for silver, equivalent to 371.25 grains for a dollar, all the coins resulting to be unlimited legal tender within the territory of the nation coining them. If gold is produced each year more than the arts, industries, and India absorb, the one only use for it is employment as money. If there were silver produced each year other than is likewise absorbed, and no one doubts it, the only use for such surplus silver would be employment as money. Hence, for so long as there continued to be any surplus of gold and any surplus of silver over the said absorption of each, and provided the surplus of neither metal were sufficient alone for the world's entire need of money, for so long the mint price and market price would be one for gold, and the mint price and market price would be one for silver. Which would mean that the one mint price for gold and the one mint price for silver would be the universal market price for each; and would mean universal parity of the gold and silver coins at the ratio established by these mints.

This is bimetalism by a concert of laws. It does not seem akin to the attempts which our "goldites" would thrust upon us; as, for instance, the setting up of a universal price for each of all commodities, or for any one of them so abundant everywhere as iron.

RESPECTABLE "SILVER LUNATICS."

Among other "silver lunatics" sanctioning the confidence that bimetalism thus attempted could not fail, are the learned professors of political economy in the colleges of London, Oxford, Cambridge, and Edinburgh, and the late de Laveleye, with others of the profession on the Continent, and a host of men of other callings eminent throughout Europe and in the United States.

STATECRAFT COST THE WORLD BIMETALLISM.

The aforesaid selfsame tutor, to the contrary notwithstanding, the abandonment of silver and substitution of gold alone as the primary money of unlimited coinage is not the "natural selection of commerce," but the ignorant or vicious achievement of statecraft.

The subjects of England were deprived of their right to convert silver into money—temporarily first in 1793, and finally in 1816—under conditions of little public concern, for the reason that irredeemable bank notes were England's full substitute for money. Precisely similarly the people of the United States were deprived of their right to convert silver into money, a right enjoyed for eighty years, while irredeemable paper of sundry kinds and excessive volume supplanted gold and silver money in the United States.

[Extract of note of Sir David Barbour (British finance secretary to India), October 20, 1887.]

In no portion of Lord Liverpool's Treatise on the Coins of the Realm is there any allusion to: (1) The treasury order of the 25th October, 1807, directing that guineas should be taken at 22s. each; (2) the council order of 8th of September, 1808, referring the question of the high rate of the guinea to the council of trade; (3) the report of the council of trade, dated 23d September, 1808; (4) the resolution of the House of Commons on that report; (5) the orders of the treasury to receive the guineas on public account at 21s. 6d. each, "and not otherwise."

With the publication of these documents falls Lord Liverpool's statement that the English people, by general consent and without any interposition of public authority, attached a higher value to the guinea after the great recoinage than the market value of gold would justify; and with the fall of the alleged fact must disappear the conclusion drawn from it, namely, that with the increase of wealth and commerce the English people in 1808 had come to prefer gold to silver. And with the disappearance of this hypothesis there disappears the only evidence brought forward in support of the theory regarding the progress of wealthy countries from silver to gold, which Lord Liverpool invented in order to overthrow Locke's opinion that "gold is not the money of the world or measure of commerce nor fit to be so."

Lord Liverpool's theory may of course be sound, though the facts on which he relied in 1805 were imaginary; on the other hand, it may fairly be said that it was the acceptance of the theory on the authority of Lord Liverpool which brought about in the nineteenth century that state of affairs which is now held to prove the soundness of the theory.

How Lord Liverpool, or those who acted under his orders, came to overlook the existence of the documents which I have quoted, and which at that time would have destroyed the basis of his argument, is unaccountable.

SILVER MONOMETALLISM SAFER THAN GOLD MONOMETALLISM.

But if any attempt to achieve bimetalism independently is to yield silver as our only money, my conviction is the conviction of Robert Morris, namely, that silver is preferable to gold if either is to be the only current money of the United States. The present Secretary of the Treasury of the United States and his associates of the President's Cabinet have lately shared a well-advertised effort to heap posthumous honors on Robert Morris.

THE WORLD'S BLIND EXPERIMENT.

The repeal of our "Sherman Act," November 1, 1893, following the closing of India's mints in June against the further coining of silver on private account, severed the last link that coupled silver to its crippled right of transition into the money of the Western World. Hence, just thirteen months ago, for the first time in history, the commercial world began a free concert of absolutely blind experiment in money.

The latest estimates of Soetbeer, in his almost posthumous publication of 1892, accorded little, if any, new gold from the mines each year to the world's increase of money. Note, then, that while the population of the United States enlarges at a rate equivalent to adding the population of Mexico to ours within seven years, or of adding the population of Canada and all other British possessions in North America within three years, this absolutely blind

experiment which the United States shares demands that whoever would increase the world's aggregate of money by the equivalent of \$1,000 must provide 4.16 pounds troy of gold.

RESULTS AND PERILS OF GOLD MONOMETALLISM.

Within the last half of the brief period succeeding 1873, 10 cents a pound was a sentimental price for cotton and "dollar wheat" was a sentimental term. Recently, 5 cents a pound in towns and 4 cents on the plantation, 50 cents in towns and "hog feed" on the farm, were prices current. The dollar of the United States, half an inch in width and a thirty-second thick, is thus become \$2 with which to buy the sweat and toil and anxieties of a season, at the very head and front of prosperity in the United States. While thus the dollar of the United States is worth 2 bushels of wheat or 20 pounds of cotton, it gauges the prosperity of the United States at 1½ cents a year, if invested for the period of sixty days in strictly prime commercial paper of New York.

The flood of our prosperity can not rise higher than its source. The font is where the nourished earth yields her own increase and for toil returns a hundredfold. It follows that the conditions contemplated must alter presently, or the want of a traveling public and the lack of sufficiently liberal movements of freight, at profitable rates, will shrink the earnings of certain of our main trunk lines of railway into a deficiency of any dividends, and later into default of interest on their bonds. Unless relief of law ensues without delay, choice parcels of real estate in New York City will manifestly decline in prices, exceeding 20 per cent between sales in January, 1893, and December, 1890.

I am well aware that moderate demand upon liberal supplies of commodities produced at low cost and distributed cheaply will yield low prices. On these terms, low prices stimulate moderate demand into a liberal demand upon the same supplies, and so tend to recover prices. On this basis low prices of our staple necessities are desirable. In such variations of demand relative to such supplies, the producer may gather amid the fluctuations of prices his fair share of the advantages conferred on all by his abundance.

EXPERIENCE SAFER THAN EXPERIMENT.

But, for the reason that the producer does not share the general advantages of the abundance of his supplies, the United States at large is sufferer. Relief must be provided, and for that achievement we propose that, at all hazards, the United States shall abandon experiment.

We ask the Congress now sitting to restore our Hamilton-Jefferson coinage system, founded with the mint, maintained for eighty years without complaint, and overthrown unreservedly at a time when neither gold nor silver was our current money.

On December 6 I submitted to the Chamber of Commerce a developed plan to restore, or attempt, bimetalism independently, the plan providing the modern convenience of paper substitutes for coin and providing ample means to stifle any possible money panic arising with the enactment. No moment could be more propitious than the present for any such attempt. Idle accumulations of money in our important money centers, like the present, are rare.

"GOLDITE" OBJECTION COMMENDS INDEPENDENT BIMETALLISM.

Our "goldites" antagonize every such proposal with two objections, to wit:

1. That such legislation is superfluous because "if there is not gold enough for all, there is gold enough for us. * * * We can command gold in competition with all nations. * * * The United States is the largest and best source of supply of the commodities that the world most needs—cotton, wheat, provisions, petroleum, and the like."

(2) That to reopen our mints to silver without limit while offering coinage to gold without limit will merely substitute silver monometallism for gold monometallism in the United States. They mean that the proposed enactment will yield silver dollars and paper redeemable in silver dollars as our only money, and for the reason that it will banish gold from money and expel it from the United States.

We adopt both of their predictions as the assurance of our safety in making the attempt.

Our ability to command gold in competition with nations striving for the meager supply of gold available to money would depend upon the further sacrifice of our producers of petroleum, provisions, wheat, cotton, and the like. Lower and lower prices for these elementary essentials of our prosperity must pursue a foreign market, and every drain of Europe's gold to us as our return for them would further lower Europe's prices for all commodities, including any more of these she buys.

By our proposal, on the contrary, the United States provides itself the convenient ability to part with gold composedly. Instead of our present restriction to gold alone as our tremulous necessity, we propose to be able to loan our gold to Europe for our own sakes, selfishly. If, as our Mint Director estimates, we have \$500,000,000 of gold and \$30,000,000 annually produced in excess of our needs in the arts and industries, to spare a liberal portion to Europe, having a convenient abundance of domestic money at home, is to loan Europe the vehicle with which to carry our prosperity. To increase thereby Europe's aggregate of money is to raise normal prices of all commodities in Europe, including those for which the United States is Europe's "best source of supply." Therefore, diametrically the opposite in achievement to what our "goldites" urge, we would enlarge Europe's demand for our surplus petroleum, provisions, cotton, and wheat, and upon a higher plane of prices for them as she buys.

SILVER BASIS ONLY TEMPORARY.

Imagine, as the immediate achievement of our proposed enactment, silver dollars and paper redeemable in silver dollars to be the only money of the United States. The tendency first evident will be its restriction upon our importations of European products. This is evident under India's silver monometallism in her relation to the outside world. But a home experience may be recalled:

During the period of plethoric State-bank notes in the United States, when a New York merchant had sold to Western and Southern merchants and bills were due, his collector, obtaining local bank notes in a Western city, would invest in grain or flour, in a Southern city would invest in cotton. Shipping the flour and cotton to New York, the sales would realize New York bank notes. The operation was thus equivalent to shipping New York bank notes from the Western or Southern cities to New York. The like operation between the United States and Europe for our international trade settlements would take the place of gold shipments, if gold were hoarded for a high premium, as feared. Each such operation would swell the volume of our exports of commodities and benefit primarily those for whom we must be most concerned.

But the likelihood of any need of such an operation as a part of the contemplation of the New York merchant in selling to the West and South tended to make him indisposed to sell there. To such extent the Southern and Western importations from New York were lessened. To the like ex-

tent our foreign importations will be lessened under our silver-money régime, to the advantage of our home manufacturers as against the foreign manufacturers all the time. But in our experience, when the New York merchant or manufacturer found his home market not broad enough for all his wares, as was frequently the case, his surplus was sold West and South at as low price and sometimes even lower prices than to customers at home. The home price, being for the greater portion of their merchandise, was maintained at a sacrifice of profit on the moderate surplus sold elsewhere. Similarly Manchester, Lyons, and German manufacturers would experience the restriction of our silver money upon them. Our importations of Europe's products are to some extent a surplus which she must sell. To that extent our importations of foreign products will continue to foreign disadvantage and our gain.

But, because we are Europe's "best source of supply" for our great surplus of staple commodities, Europe will buy of us, even though we do not buy of her. As, for instance, we buy from Cuba \$75,000,000 worth of goods a year and sell to Cuba \$12,000,000 to \$25,000,000 only; or as Brazil finds a market here for \$70,000,000 of her commodities and buys \$40,000,000 only of our commodities in return; and finally as England, on the contrary, is debtor to the United States for an excess of \$100,000,000 a year by average in our mutual barter of commodities with her.

OUR SILVER DOLLAR AT A PREMIUM.

Therefore, with our silver-money restriction upon importations setting all our spindles turning, employing operatives at full time and these operatives made thereby to enlarge our aggregate of home consumers of all home products; with our trade settlements in merchandise serving to enlarge the exportations of our spare products; with Europe's prices for our products enhanced by our enlargement of Europe's aggregate of money, our achievement next evident will be a credit balance of trade established in Europe for the merchants of the United States. At that point exchange on London would sell in Wall street at a discount. This means a draft on gold payable seven days from date offered at a discount in standard silver dollars—the despised, stigmatized 50-cent silver piece in Wall street, held at a premium over gold in London. It means our silver dollars and our gold coin at par; bimetalism a reality in the United States. Our prosperity as her example, and to such a degree at her expense, is likely to enforce the influence of Manchester's opinion of English monometallism, the result of which may mean the abandonment of England's vicious monetary system soon.

Europe's only silver is her money. Europe's silver coin is valued from 3.06 cents to over 13.33 cents per dollar more than ours. Her "silver pots and spoons" carry the additional price of labor in them. She will ship us gold, therefore, rather than silver, at a minimum preference of 3 per cent.

GOLD DESPISED IN 1893.

Our "goldites" would dismiss all this on the ground of an overabundance of silver. Had the most influential doctrine in money in Europe been as influential with lawmakers in 1893 as our aforesaid tutor was influential with law dictators in 1893, France would have closed her mints to gold. Silver monometallism would have been the coinage system of the world. Chevalier threatened France with an abundance of gold as cheap and overwhelming as iron. Silver is the overabundant prediction of our doctrinaires. Note, however, that \$5,000,000 worth of silver bullion is at this moment an overestimate for the world's distributing markets' supplies of silver.

INDEPENDENT BIMETALLISM ACHIEVED.

Finally, our "goldites," and in particular our tutor aforesaid, distort history for proof that bimetalism has proved itself a failure, and that independent bimetalism in the United States during eighty years furnished the experience for the certainty of failure if attempted now. The facts, justly handled, refute both assertions flatly.

The world's great mints were never open to gold and silver without limit on a single price among them for each metal. In consequence, every seeming divergence between a market price and a mint price for either metal was invariably a difference between mint prices. Divergence between one mint price and another, or other mint prices, has to answer in history for every annoying flight of gold or of silver internationally. By undervaluing gold relative to silver, compared with the French mint's valuation of gold relative to silver, our coinage act of 1792 caused our merchants to choose gold preferably to silver for their foreign settlements, following 1792. By undervaluing silver relative to gold, compared with the French mint's relative valuation of the two, in our coinage act of 1834, we made our merchants choose silver preferably to gold for foreign settlements thereafter. This divergence between mint prices—not divergence between our mint price and any market price—cost us gold in one period and cost us silver in the other, for the reason only that during most of both periods we were usually the debtors in balancing our foreign trade.

UNITED STATES INDEPENDENT BIMETALLISM EXPERIENCED.

Our "goldite" assertion that our said act of 1792 effectually demonetized gold by expelling it from the country, and that our act of 1834 effectually demonetized silver by expelling it, are alike refuted by indisputable records, not made for argument, but reporting facts. Thus for the twelve years ending 1805 our gold coinage exceeded our silver coinage. In the eighteen years following, our gold coinage was half our silver coinage. In the nine years ending 1833 our gold coinage was one-fourth our silver coinage. And in this same period of "banished gold" (?) our trade movements of both metals were usually in one direction, usually export in excess of import of both until ending 1833. In 1824 the net movement of the two was import in excess of export. Eighteen hundred and twenty-five refutes this gold banishing theory flatly by a net import of gold and a net export of silver. In the five years following, both metals moved together again, import in excess of export. In 1831 our "goldites" are again refuted flatly by the net import of gold with a net export of silver. Thereafter gold and silver both show import in excess of export until 1894.

And in the period following 1894, while "banishing silver" (?) is the assumption of our "goldites," our silver coinage in the first eight years equaled our silver coinage of the eight years prior. Our silver coinage in these first eight years exceeded by \$3,000,000 our coinage of gold. In the second eight years ending 1890 we coined \$18,000,000 of silver, although we were not producing silver, but were producing gold in amounts more vast than the world had known. And in the first four years of this "silver banished" (?) period our imports of silver exceeded our exports of silver by \$6,000,000 more than our imports exceeded our exports of gold. For the three years ending 1842 the net movement of both metals was together, export in excess of import. And nine years after this act of 1834 our net movement was import in excess of export for gold and silver both. Our "goldites" are refuted notably and finally in the fact that prior to our civil war no single important movement of the one metal inward and the other metal outward is the record of a year.

And note also in this connection and at this particular moment, besides the considerable sum in coins of foreign nations, circulating as our legal tender until 1857, and besides the unlimited legal-tender function of half dollars,

quarters, and dimes until 1853, and besides the fact that 80 per cent of all the silver dollars coined were coined after 1834, this fact, namely, that redundant bank notes, which increased by more than \$200,000,000 in a period of ten years, were tending all the time to house both gold and silver in quiet bank reserves.

FRANCE A SAFE CRITERION.

Finally, I regret profoundly that space forbids the mention of independent bimetalism in France and the record of her mint dictation of the world's market price for gold and silver during a period of seventy years. On the closing of her mints against silver in 1874 France had \$900,000,000 of gold and \$700,000,000 of silver circulating side by side as money. Her population barely exceeding 35,000,000. Our present population exceeds 65,000,000, with a promise of exceeding the aggregate population of Great Britain and France within ten years; and our use for gold and silver is for a circulation over a territory seventeen times the area of France.

I will append a portion of her record and a table for the printed report.

[Appended as follows.]

INDEPENDENT BIMETALLISM OF FRANCE.

By act of her Corps Legislatif, March 28, 1803, "5 grams of silver, nine-tenths fine, constitute the money unit, which retains the name of franc."

The articles prescribed the same fineness for gold coin, and direct the coining of 20-franc and 40-franc gold pieces, as well as 5-franc and smaller silver pieces. A thousand grams of gold, nine-tenths fine, are to yield 3,100 francs; and at the rate of 5 grams to the franc, 1,000 grams of silver are to yield 200 francs—the mint price of gold, therefore, being 15.5 times the mint price of silver; the 1-franc silver piece being as absolutely as gold pieces the unlimited legal-tender coin of France, and they continued to be until the founding of the Latin Union in 1865. As already noted, the 5-franc silver piece continues to be unlimited legal tender in France, and, therefore, the full equivalent of gold in France, although no longer coined, and at the relative price for gold of 15.5 times silver in the existing coins.

Appended hereto are tables C D, reporting in dollars the gold and silver coinage of France during the seventy years in which her mints were open to the unlimited coining of both gold and silver, at a moderate charge, into unlimited primary moneys. And there will appear the world's production of gold and silver during this period, showing astounding variations in quantities of each produced, and yet as notable an approach to fixity in the relative market price of gold and silver during the period.

The coinage of either metal being by the voluntary act of its owner all the time, the coinage shows that conversion into French money was as good a use as any other to which the owner could put it, or the charge for coining would not have been paid.

In 1806, with the year's production of silver fifty and one-quarter times the year's production of gold, we see the coinage of nearly \$200,000 worth more of gold than of silver for the year. In 1818, with the year's production of silver forty-six times the production of gold, the coinage of gold is seven times the coinage of silver for the year. In 1852, when the production of silver had fallen to four and one-half times the year's production of gold, the coinage of silver is five times the coinage of gold for the year. And when, in 1866, the gold and silver coinage of France was so nearly equal for the year, with the production of silver fifty and one-quarter times the year's production of gold, we see the average market price of gold at 15.5 times silver, governed, we infer, by this effectual mint price of 15.5. In 1818, with the coinage of gold seven times the coinage of silver, and the production of silver forty-six times

the year's production of gold, the world's market price averages 15.4, as governed by this mint price, 15.5.

And notwithstanding the timid scream of Chevalier and others in 1853 against the further admission of gold into money, gold seeming then to threaten to rival iron in its abundance, the mints of France continued to accept all tenders of gold and silver, and continued to govern the world's market price composedly until 1871, when war with Germany interfered. And the result, which finally appeared after the closing of her mints in 1874, reported to the Paris conference, 1878, was a stock of gold and silver money afloat and in bank in France, exceeding \$700,000,000 worth of silver money and \$900,000,000 worth of gold.

The late De Laveleye, in his "La Monnaie et le Bimétallisme," 1891, makes plain that all the divergence between the French mint price and the London and Hamburg prices for gold or silver, from time to time during the seventy years, was within the aggregate of the costs of a shipment of the momentarily cheaper metal to Paris and the charge for coining there. And, as observed already, the mints of France had little appreciable assistance in their governance of the world's market price for gold or silver during any consecutive important period of years.

Note once more that the population of France did not exceed 35,000,000 and that their employment of money was within an area of 203,000 square miles; and that the present population of the United States approaches 67,000,000, whose demand for money is for a circulation over an area of territory exceeding 3,600,000 square miles. And recollect that her mint price for silver, the value of silver in her existing 5-franc pieces, is at the rate of 3.06 cents on a dollar higher than ours. This means that if the mints of the United States were open to unlimited coinage for our silver dollars, the French would prefer by over 3 per cent to ship their gold rather than their silver money in any bullion settlement with us as our debtor in trade. The same preference to ship gold rather than their silver money to our equally open mints would appear in the case of any of the European nations except England. England's preference to ship us gold in trade settlements due us, rather than her silver money, would exceed 13 cents on the dollar.

And note finally as to France, that while her unrestricted mints accepted and coined gold and silver without limit during periods when the year's production of silver was only four and one-half times the year's production of gold, and when the production of silver was fifty and one-fourth times the production of gold, governing the price of both metals in all markets the while, the year's production of silver was only twenty-three and one-half times the year's production of gold in the world in 1862, and is proportionately less just now—twenty-one and one-fourth times for 1893.

TABLE C D.

The world's production of gold and silver in periods from 1493 to 1890: Soetbeer. The same for the calendar year 1891: United States Director of the Mint.

The proportions of gold and silver relative to the sum of the two, for each period; and these proportions according to value, at the French mint valuation of 1 to 15.50.

The relative weight of the gold and the silver produced in each period; in other words, the "ratio of production," i. e., the "intrinsic value" (?) of either measured by the other, if production determines value.

Average "market price" for each period, i. e., average relative value of gold and silver in the open market—London and Hamburg: Soetbeer, and United States Director of the Mint.

Coinage of France during seventy years to 1873, while her law allowed equally unlimited access for gold and silver to her mints on private account, at a valuation of 1 to 15.50, for emission in unlimited legal-tender coins.

Period.	Pounds avoirdupois.		Proportion of the total.				Relative production gold to silver (weight)-	Relative market value gold to silver.
	Gold.	Silver.	By weight.		At value.			
			Gold.	Silver.	Gold.	Silver.		
1493-1520	357,280	2,805,200	11	89	66	34	1 to 8.10	1 to 10.5-11.1
1521-1544	378,048	4,782,560	7	93	55	45	12.50	11.25
1545-1560	299,552	10,968,320	3	97	30	70	36.61	11.30
1561-1580	300,960	13,178,000	2	98	26	74	43.78	11.50
1581-1600	324,720	18,481,600	2	98	21	79	56.76	12.00
1601-1620	374,880	18,007,600	2	98	24	76	49.63	12.50
1621-1640	305,200	17,318,400	2	98	25	75	47.42	14.00
1641-1660	385,880	16,117,200	2	98	27	73	41.77	14.50
1661-1680	407,440	14,828,000	3	97	30	70	36.39	15.00
1681-1700	473,600	15,043,600	3	97	33	67	31.76	14.96
1701-1720	504,080	15,646,400	3	97	36	64	27.74	15.21
1721-1740	839,520	18,972,800	4	96	41	59	22.60	15.00
1741-1760	1,082,840	23,458,360	4	96	42	58	21.66	14.74
1761-1780	911,020	28,720,560	3	97	33	67	31.52	14.72
1781-1800	782,760	36,678,640	2	98	24	76	49.41	15.09
1801-1810 *	391,116	19,671,300	2	98	24	76	50.29	15.61
1811-1820	251,780	11,896,940	2	98	25	75	47.25	15.49
1821-1830	312,752	10,132,320	3	97	33	67	32.30	15.76
1831-1840	446,358	13,121,900	3	97	35	65	29.40	15.70
1841-1850	1,204,608	17,169,120	7	93	52	48	14.25	15.81
1851-1855	2,172,005	9,747,265	18	82	78	22	4.49	15.42
1856-1860	2,206,638	9,954,890	19	81	78	22	4.30	15.30
1861-1865	2,036,353	12,112,650	14	86	74	26	5.96	15.41
1866-1870	2,110,900	14,729,935	13	87	69	31	6.98	15.55
1871-1875	1,877,425	21,663,675	8	92	57	43	11.54	15.97
1876-1880	1,881,726	24,200,088	7	93	54	46	13.21	17.89
1881-1885	1,694,258	29,333,894	5	95	47	53	17.31	18.50
1886-1890	1,863,700	37,962,785	5	95	43	57	20.37	21.15
1891	415,710	9,847,300	5	95	41	59	23.08	20.92

* Mints of France from 1803 to 1873 equally open to gold and silver on the valuation of 1 to 15.50. See coinage table annexed.

Coinage at the mints of France from 1803 to 1870 in said periods, valuing the franc roughly at 5 to the United States dollar.

Period.	Gold.	5 francs silver.	Period.	Gold.	5 francs silver.
1803-1810	\$33,504,964	\$53,865,244	1856-1860	\$505,494,552	\$9,279,042
1811-1820	110,907,676	149,732,376	1861-1865	179,491,304	194,216
1821-1830	15,031,752	206,757,061	1866-1870	227,777,130	51,954,842
1831-1840	29,198,152	233,834,900	Total	1,447,329,206	917,735,663
1841-1850	35,157,480	175,845,263			
1851-1855	310,766,198	34,252,910			

Years of noteworthy coinages, in better evidence of the automatic regulation of the "market price" of gold and silver, by the mints of France.

Year.	Coinage of the mints of France.		Relative production gold to silver (weight).	Relative market value gold to silver.
	Gold.	5 francs silver.		
1803	\$233,048	\$4,585,400	1 to 50.29	1 to 15.61
1806	4,607,800	4,485,649		
1807	3,357,776	804,423		
1809	2,880,440	7,985,445		

Years of noteworthy coinages, etc.—Continued.

Year.	Coinage of the mints of France.		Relative production gold to silver (weight).	Relative market value gold to silver.
	Gold.	5 francs silver.		
1811	\$16,282,372	\$48,947,496		
1812	13,883,190	31,045,613		
1813	12,148,216	26,002,853		
1814	13,908,914	12,157,747	1 to 47.25	1 to 15.49
1816	2,500,424	6,836,669		
1818	16,171,404	2,419,909		
1820	5,712,376	3,612,202		
1841	2,475,912	14,659,930		
1842	370,544	13,175,962		
1843	23,828	16,790,658	1 to 14.25	1 to 15.81
1849	5,421,912	40,766,300		
1850	15,854,376	16,120,678		
1851	53,941,004	11,460,200		
1852	2,776,200	13,060,200	1 to 4.49	1 to 15.42
1854	101,743,422	10,615		
1855	85,808,300	4,861,173		
1859	131,316,076	3,365		
1860	79,937,648		1 to 4.40	1 to 15.30
1861	17,150,224	22,098		
1865	30,658,000	97,134	1 to 6.00	1 to 15.44
1866	68,872,548	37,893		
1867	36,858,604	10,810,312		
1868	65,506,130	18,724,110	1 to 6.98	1 to 15.55
1869	45,670,088	11,652,857		
1870	10,866,790	10,729,670		
1871	10,003,976	942,181		
1872		77,838		
1873		20,920,800	1 to 11.54	1 to 15.97
1874	4,863,940	11,009,202		
1875	46,982,400	15,000,000		
1876	35,298,632	10,532,263	1 to 12.90	1 to 17.88

¹ In 1871 Franco-Prussian war was waged, followed by French payments of indemnity to Germany.

² In 1873 Germany's sales of silver began, the United States having demonetized silver by act of February 12, 1873.

³ The full legal-tender silver coinage restricted by Latin Union agreement of 1874; stopped finally by agreement of 1878.

LATIN MONETARY UNION.

The Latin Union did not appreciably enlarge the ability of France to maintain the parity of her gold and silver coins; that is, did not add to the ability of France to maintain bimetallicism independently. The coins of all gravitated to France.

France compacted with Belgium, Italy, Switzerland, and later with Greece also, a union whose purpose was "to rid their several people of annoying conditions of intercourse and business transactions resulting from differing valuations of silver in the subsidiary silver moneys of these several States, and with the purpose also to achieve a uniformity of weights, measures, and moneys among them."

This Latin Union was formed December 23, 1865. It provided unlimited coinage and the unlimited legal-tender function for gold and for silver 5-franc pieces, thus exceeding its first aforesaid intent. The union was maintained with this unlimited 5-franc piece included until 1874 (under Germany's sales), and thereafter with a continuance of subsidiary silver coinage under restrictions until 1878. Except that coining silver has ceased, the union remains in force effectually. Each State made the authorized gold and silver coins of all receivable and payable at its public treasury. Each State contracted to redeem its own issues of subsidiary silver in gold or the 5-franc pieces of the State asking the redemption.

The evidence of the independence of France in her bimetallicism, her independence of her associates in her maintenance of the parity of gold and silver money, is easily made manifest. Much of all their gold and silver money gravitated to France, and for the reason that in Switzerland the rate of exchange on Paris was so frequently and so continuously at a premium; for the reason that the same was painfully true of Belgium, as the late De Laveleye records; and for the reason that the like was glaringly true of Italy, whose only currency became irredeemable paper.

The population of France barely reached 36,000,000, and the territory over which her money circulated was less in area than 362,600 square miles, before 1865. The combined territory of Belgium, Italy, Switzerland, and Greece, and their combined population, were, respectively, 166,500 square miles and 37,500,000 people. The aggregate population of all the Latin Union States, therefore, did not exceed 73,000,000, and their combined area was less than 370,000 square miles.

The present population of the United States approaches 67,000,000, and promises to exceed 85,000,000 within ten years, whose employment for circulating money is over an area of 3,600,000 square miles.

AUSTRIA'S MONEY.

As for Austria-Hungary, while at heavy cost incurred in the purchase of \$100,000,000 of gold at a premium, her stock of that metal may have been increased to that extent. Nevertheless, in no right sense of the word can it be justly asserted that the monetary system of that Empire has been established on a gold basis, even approximately. If her mints have been coining gold every week during the last year, so, too, have they been coining silver to a material extent, and thus increasing the volume of its silver currency as well as that of her gold. As recently indeed as the 15th of March, 1894, the monetary situation of the Austro-Hungarian Bank was as follows:

Gold	\$50,293,363, or 39 per cent.
Silver	79,261,480, or 61 per cent.

Making a total of..... 129,554,843, or 100 per cent.

Note circulation, \$194,228,000; that is no less than 61 per cent of the present stock of specie in the Austro-Hungarian Bank as recently as the 15th of March, 1894, was of silver.

Gold commands a premium in Austria thus far still. She does not redeem her paper in gold as yet, and will not if she abandons silver. Her already burdensome debt of nearly \$2,000,000,000 increases almost every year.

Mr. St. John read his proposed bill, as follows:

"A bill to restore the bimetallic coinage system of the United States, and for other purposes.

"Be it enacted, etc., That upon the terms and conditions and charges prescribed by law for the like deposits of gold, owners of silver not too base for

the operations of the mint may deposit the same, in amounts of not less value than \$100, at any mint of the United States and receive therefor silver dollars containing each 412 grains Troy of standard silver.

"SEC. 2. The standard silver dollars of the United States are hereby required to be received for all dues to the United States and are made receivable and payable for all dues and debts, public and private, within the United States.

"SEC. 3. Depositors of gold and depositors of silver as aforesaid, at any mint of the United States, shall receive therefor on their request, instead of the coin to which they shall be entitled, coin certificates of the United States which shall be redeemed on demand in coin. And depositors of gold coin and of silver coin, other than subsidiary coins, at the Treasury or any subtreasury of the United States, in sums of not less than \$30, may receive the herein-provided coin certificates therefor. And no gold certificates and no silver certificates and no Treasury notes authorized by act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' shall hereafter be issued.

"SEC. 4. The herein-provided coin certificates shall be redeemed in gold or silver coin, at the convenience of the United States; and the Secretary of the Treasury is hereby authorized, in his discretion, to redeem the same on request in gold or silver standard bars, at the like convenience of the United States.

"SEC. 5. The Secretary of the Treasury is hereby required to reserve on hand, in coin and standard bars, an aggregate sum of gold and silver equal to the aggregate sum of the herein-provided coin certificates outstanding, except as hereinafter provided.

"SEC. 6. The Secretary of the Treasury is hereby authorized, in his discretion and under regulations which he may prescribe, to direct the Treasurer of the United States, from time to time, to receive, at the Treasury or any subtreasury of the United States, interest-bearing bonds of the United States, duly hypothecated to the Treasurer, and issue therefor safe amounts of the herein-provided coin certificates as loans at interest. The rate of interest to be required on such loans of coin certificates shall be in every case the same as the rate of interest payable by the United States on the bonds hypothecated therefor: *Provided always*, That the aggregate sum of coin certificates issued for deposits of interest-bearing bonds of the United States shall not reduce the aggregate sum of coin and standard bars reserved for the redemption of coin certificates below 60 per cent of the aggregate sum of all coin certificates outstanding.

"SEC. 7. The coin certificates provided in this act shall be received for all dues to the United States, and shall be receivable and payable for all dues and debts, public and private, except where otherwise expressly stipulated in the contract.

"SEC. 8. All authority of law for the transportation of standard silver dollars for private account at public expense, in exchange for other lawful money of the United States, and all other acts and parts of acts in conflict with this act, are hereby repealed."

Mr. ST. JOHN. I should like to explain sections 6 and 7 before any question is asked me, while I think of what I want to say.

The suggestion to make these coin certificates a legal tender with the limit proposed, silver dollars being made as unlimited legal tender as gold coin, is in order that the New York Clearing House banks shall accept these coin certificates as it does the Treasury notes of 1890, which are exactly thus limited tender, in settlements of daily balances.

The proposed section 6 is an emergency issue, and would be availed of in real emergencies only, for two reasons:

(1) Because owners of bonds would not accept long-time loans at a cost of all the interest on their investment; and
(2) Borrowers of 4 per cent and 5 per cent United States bonds, hired to hypothecate for such loans, would only appear when a real emergency made high rates for money in the open market.

If a money-market panic threatened the proposed enactment with a sharp contraction of our aggregate of money this provision (section 6) would empower the Secretary of the Treasury to issue over \$200,000,000 of United States coin certificates against silver coin and bullion already in the Treasury and loan them at 4 per cent and 5 per cent per annum against United States interest-bearing bonds.

If lack of engraved coin certificates threaten the Secretary's immediate convenience I suggest that boldness equaling the recent issuing of interest-bearing bonds will momentarily substitute silver certificates, with some distinguishing stamp on them, therefor.

The bill merely proposes in effect: "That the Congress restore immediately the coinage system of the United States founded with the Mint in 1792, maintained for eighty years thereafter, and overthrown, unobservedly, when neither gold nor silver was our current money. Provide the modern convenience of paper substitute for coin, on the choice of the depositors of gold and of silver at the Mint, one and the same coin certificate redeemable on demand in coin, and redeems these coin certificates in gold or silver, at the option and convenience of the United States. It provides an 'emergency issue' of these coin certificates, additionally, with 'elasticity' unquestionable and with redemptions on demand assured, and the means in the Secretary's hands to stifle any panic in Wall street instantaneously."

Mr. BROSIUS. What limitation would you put upon the legal-tender quality of the certificates you have described?

Mr. ST. JOHN. The coin certificates?

Mr. BROSIUS. Yes.

Mr. ST. JOHN. Only the limitation that you and I might be able to contract against receiving them, if we desire, exactly as the Treasury note of 1890 is limited in its legal-tender function, and exactly as the silver dollar is limited. But I propose to remove the limitation from the silver dollar. Let our gold and silver coins stand alike before the law, as in France; and then the United States Supreme Court will not permit the enforcement of contracts in gold coin only. Such discrimination then would be "against good public policy" to enforce.

Mr. BROSIUS. You have spoken of the limited legal-tender quality, but you have not yet stated what the limit was.

Mr. ST. JOHN. The limit only that you would have a right to contract against them, as you have in the Treasury note of 1890.

Mr. ELLIS. I came into the room after you had read part of your bill. I will ask you whether your bill provides for the repeal of the law of 1873, making the gold dollar the unit of value?

Mr. ST. JOHN. You gentlemen are lawyers, and I need not give you the law. But as I understand statute law to-day, each new statute supersedes any prior act that conflicts with it. The provisions of my proposed bill conflict with that law of 1873, and my final clause provides that all acts and parts of acts in conflict herewith are hereby repealed.

Mr. ELLIS. Do you propose to establish the silver dollar as the unit of value—if that is a good term?

Mr. ST. JOHN. I do not think it is a good term. I presume you mean the unit of account.

Mr. ELLIS. The unit of account?

Mr. ST. JOHN. No, sir; my bill recognizes the dollar of the United States as the unit of account; it does not distinguish between the gold dollar and the silver dollar.

Mr. ELLIS. Does it provide any ratio at which the metals shall be coined—that is a good term?

Mr. ST. JOHN. You did not hear the bill read?

Mr. ELLIS. No, sir.

Mr. ST. JOHN. The first portion is explicit on that point. It simply provides that the silver dollar now existing shall be coinable, without limit in amount, on producing the bullion for it, and on the same terms as are now prescribed for gold.

Mr. ELLIS. Would your theory put this country on a silver basis?

Mr. ST. JOHN. Momentarily, it might—I think it would, immediately.

Mr. ELLIS. How long would that condition, in your judgment, prevail?

Mr. ST. JOHN. I read you a paper this morning in which I tried to answer that. I shall have to refer you to that for my complete answer. I would not predict the achievement of actual bimetalism in the United States under the bill earlier than two years; that is, two years at the outside. I should expect it earlier if conditions existing abroad, existing outside of France, prevail; I would expect it to be accomplished within one year. There is no business prosperity anywhere in the world to-day outside of France.

Mr. ELLIS. To what do you attribute the prosperity of France?

Mr. ST. JOHN. To an abundance of good, sound money, that is, primary money that can not be refused, money that the financiers of that country handle on a scientific basis, France being the only nation of financiers.

Mr. ELLIS. I was criticised the other day for asking some witness something about primary money. I was asked what I meant by primary money. Now, I wish you would give a definition of that term.

Mr. ST. JOHN. Primus, I think, means first, or nothing ahead of it. It is absolute money—unconditional, primary money. Secondary money is the greenback, which, although a limited legal tender, is a promise of money. Gold coin does not promise any redemption. It is not the stamp on the coin that makes it money. It is the law behind it. You can not refuse it, and the condition all over the world to-day is, practically, that all you have to do is to present bullion or gold, and lawful money is returned to you for it under the mint laws of all the commercial nations.

Mr. ELLIS. You have examined the Baltimore plan and the plan submitted by the Secretary of the Treasury, I presume?

Mr. ST. JOHN. I have.

Mr. ELLIS. If either one of those plans were adopted, state whether or not, in your opinion, the volume of paper money would be increased or decreased.

Mr. ST. JOHN. I do not look upon a bank note as money, but a promise of money, and therefore I do not quite get your question.

Mr. ELLIS. I will ask it in this form: If either of those plans were adopted would the volume of paper currency be increased or decreased?

Mr. ST. JOHN. You mean now, money and substitutes for money. Will you confine me to one plan, because I would treat these plans on different bases.

Mr. ELLIS. Answer in your own way.

Mr. ST. JOHN. Suppose you confine me to one; otherwise you give me large ground to cover.

Mr. ELLIS. Then I will confine you first to paper currency. Would the volume of paper currency be increased?

Mr. ST. JOHN. To which of the bills shall I confine myself?

Mr. ELLIS. We have the Baltimore plan, already spoken of, and the other plan submitted by the Secretary of the Treasury.

Mr. ST. JOHN. Confining myself for the time to the last named, if the Secretary's bill were enacted as introduced it would fall absolutely flat; not a note would be taken out under it.

Mr. ELLIS. Why?

Mr. ST. JOHN. For the reason that Mr. Williams and several other gentlemen have given you, as I understand their testimony.

Mr. ELLIS. You seem to have overlooked the fact that there is a mandatory provision in one of these plans.

Mr. ST. JOHN. On the contrary, that panic-assuring provision will be resisted and the panic ensue concurrently. All I have to do under the statutes of New York is to make application one day and the next day I can become a State bank. We are not obliged to be a national bank, although we prefer it. We will not continue under national charter and guarantee the liabilities of other banks. We are more experienced than to do that.

Mr. ELLIS. I wish you would follow the bill in detail as far as you like.

Mr. ST. JOHN. I could follow it to criticism.

Mr. ELLIS. I should like you to do it.

The CHAIRMAN. Would the currency issued under that be safe?

Mr. ST. JOHN. There would not be any currency issued under it as it now stands, but there would be the greatest panic that this country has ever seen.

The CHAIRMAN. What would cause the panic if the banks did not issue currency?

Mr. ST. JOHN. The fact that conservative banks would abandon their national charters rather than guarantee the liabilities of others, and such abandonment would throw upon an unresponsive market \$300,000,000 worth of United States bonds, of which \$21,000,000 are 2 per cents, not now salable at par. These withdrawals of bonds by national banks would mean surrenders of the circulation secured by them. That would mean, in the aggregate, a "contraction of the currency" of the United States by \$180,000,000 in the period between the enactment of the law and July, 1895. This burdening of the bond market, under antagonism of the national banks, would make it impossible for the Treasury to sell its next \$50,000,000 of bonds to recoup its gold reserve, and chaos would reign supreme.

In February of 1881, when I had been only one month in the Mercantile National Bank, and without previous bank experience, there came out in the New York papers a mistaken notion that between January and July the national banks must replace all the bonds they possessed by the substitution of new 3 per cents. The President was induced to veto the bill by the panic occasioned by an \$18,000,000 contraction of the currency which ensued. There are only three concerns in New York City buying and selling Government bonds. They make the market, practically, and sometimes are quite arbitrary about it. There is sometimes a difference of 1 per cent between their buying and selling prices for United States bonds, the best of securities in the world. Therefore it was thought by the national banks then that they had better sell promptly. Hence the contraction and the panic. If section 7 of the Secretary's bill is passed we would have to find a market for \$300,000,000 United States bonds between the date of its passage and July next. We would prefer to sell our forthwith.

The national-bank note is guaranteed by the United States, for the reason that the national bank, as a creature of the United States, is an arm of the Government. The national banks, with their note-issue system, were created as a means of providing a ready market for United States bonds by a method yielding acceptable substitutes in moderate amount for money, and for no other reason. That means of providing such market ought to be preserved by the United States. If the United States desired the Mercantile National Bank of New York to take \$900,000 of their 3 per cent bonds at par to-day, or their 5 per cent bonds on a 3 per cent basis, and did not exact gold for it, but would let us pay for the bonds with our notes which the Comptroller would issue on them, we would do so promptly. We did not buy any of the first or second \$50,000,000 of United States bonds lately issued, because I did not believe any existing law provided for the issue. I think necessity rather exceeded the law, as it usually does, and I find no fault. There was nothing else

to do under the circumstances. The circumstances could have been prohibited, however. We made a direct contribution of \$500,000 of gold coin to the Treasury reserve "in exchange for any lawful money;" but the newspapers were not told of it.

A copy of the Secretary's bill has been handed me. Suppose I take it up by paragraphs. I shall not consume much time.

Mr. ELLIS. Consume all the time that is necessary.

Mr. ST. JOHN. In the first place, under this proposed bill of the Secretary's a sum of "greenbacks" or Treasury notes of 1890 are to be impounded. This effects an immediate contraction of the currency. To procure and deposit these notes you contract the currency existing. There is a period of time, involving from fifteen to forty days, before a national bank can get its notes from the Comptroller, under existing law, put them into shape, and get them into circulation. It is not always easy to float national-bank notes. We took out \$300,000 of national-bank notes some three or four years ago and it took us nearly two months to get them out. They were nothing but chips—I do not mean poker chips, but chips of wood—until we could get them into circulation. This element of temporary contraction is an element of danger in the Secretary's bill.

Now we come to the provision that the notes are a first lien upon all the assets of the association issuing the same. That might be open to this question: Whether they are a lien also on the stockholders' additional liability. That liability of shareholders is perhaps not an asset of the bank.

The Secretary's third section provides: "That in lieu of all existing taxes" one-fourth of 1 per cent per annum is payable as a duty for each half year upon the average amount of the bank notes in circulation. That is to pay for the Government's interest in the matter. But there are two quarters to be paid under section 5, as a means of establishing a safety fund. That means one-half of 1 per cent per annum.

The CHAIRMAN. Until the 5 per cent is reached.

Mr. ST. JOHN. That means a period of ten years before the safety fund is established. What would happen to your banks during that ten years preceding the establishment of a safety fund? In the meantime there is only dubious safety. That is logical, if it is not true; and I think it is true.

There is particularly no safety for the good banks that would be liable to demands upon them, during ten years, to pay failed banks' notes and take the chance of any assets of these failed banks to reimburse them. At least the Oswatomie People's National Bank can not have this right to jeopardize the Mercantile National Bank of the city of New York if we surrender our national charter.

"Each association hereafter organized and each association applying for additional circulation shall pay its pro rata share into the said fund before receiving notes."

I suppose that means that if 5 per cent has been contributed by banks already issuing, any new bank must contribute 5 per cent as a starter. That is another deterrent; but it ought to be required if the rest of the bill is enacted, of course.

The underlying proposal pertaining to all these bills, the Secretary's indirectly and all under the recommendations of Mr. Horace White and associates, whom you have heard, is the retirement of the greenbacks and Treasury notes; and Mr. White wants the silver dollars and certificates retired also. The proposal amounts to a demand that the United States abandon a profit to the people at large and confer a profit on the banks instead.

Mr. COBB of Alabama. Will you please explain how it is, if this bill becomes a law, that the United States would guarantee a profit to the national banks?

Mr. ST. JOHN. I do not say that. I have said that the Secretary's bill would fall flat and if section 7 is enacted will create a panic. I say the underlying demand of the gentlemen who have been here to testify in behalf of any of these bills is that the greenbacks shall be retired. That is basal in their demands. Profit to the issuing banks is the first requisite of any creation of bank notes.

Mr. COBB of Alabama. Are you opposed to the retirement of greenbacks? If so, state why; and if you are not, state why not.

Mr. ST. JOHN. I am opposed to asking any sacrifice of the people at large in order to provide profit to banks. I do not dare ask any such thing. I never did and I never will. I would not so sacrifice the popularity that the national banks of the United States have legitimately earned. The great popularity to which they are entitled is being sacrificed by well-meaning doctrinaires, outsiders, who know little about banking. Think of it, the United States issues \$100,000,000 of bonds, on which interest is to be paid for ten years at 5 per cent per annum. At the same time it is proposed that \$245,000,000 greenbacks, a debt which does not bear interest, and therefore is saving (at 5 per cent per annum) \$17,300,000 a year to the people at large, shall be retired. More interest-bearing debt to issue to retire them. And as a feature of the proposal is that bank notes, yielding profit to banks as the first essential of their existence, shall supersede them! It is preposterous!

Mr. JOHNSON of Indiana. What is your opinion of section 10 of the Carlisle bill?

Mr. ST. JOHN. My opinion of that is just what I said when I came here; that it is absolutely impossible for the banks of the United States to redeem a liberal issue of bank notes in gold. The possibility does not exist.

The CHAIRMAN. Section 10 is in regard to State banks.

Mr. JOHNSON of Indiana. Section 10 is the one which provides for the issue by State banks under certain conditions therein imposed.

The CHAIRMAN. Take our printed copy of the bill. That is the only bill to which we refer.

Mr. ST. JOHN. Section 10 provides, I see, that the use of circulating notes issued by a banking corporation duly organized under the laws of any State, and which transacts no other than a banking business, shall be exempt from taxation under the laws of the United States under certain conditions. That section is the State-bank feature. What I would have to say about that is two things: First of all, the Secretary introduces a bill based on his timidity as to a sufficient gold reserve. He says that he is asked to pay gold for greenbacks and Treasury notes, and he wants to put that burden upon the banks. He proposes to allow a State bank to issue notes if the State bank will first lodge with some State officer a certain number of dollars' worth of greenbacks or Treasury notes. He does not provide that the State officer must hold these greenbacks or Treasury notes subject to demand, and is without any right in the Constitution of the United States to compel such State officer to do so. He is simply furnishing a means of issuing State-bank notes and leaving those greenbacks or Treasury notes in circulation also. He is not reducing by a dollar the demand on the Treasury for greenback or Treasury-note redemptions.

Mr. JOHNSON of Indiana. You said there were two reasons; you have given one.

Mr. ST. JOHN. I meant to couple that with the fact that I think that the national-bank-note system ought to be preserved, so far as it is to the public interest to preserve it, and so far as it is to the public interest to create or preserve any banks of issue. The national-bank-note system of note issue ought to be preserved as the means of assuring a market for United States bonds when the Government needs to issue interest-bearing bonds.

Mr. JOHNSON of Indiana. You contemplate, of course, the continued use of paper money?

Mr. ST. JOHN. I propose to create coin certificates of the United States

secured by a reserve of 100 per cent in coin and standard bars in lieu of the Treasury notes of 1890 and other paper, excepting the greenbacks and excepting national-bank notes, as now issued, also. The greenback is a note that did not promise anything but money; it did not say what money, and it did not promise coin until by act of 1874, which said it should be paid in coin. That act says gold or silver, explicitly.

Mr. JOHNSON of Indiana. What is your opinion as to the relative merits of a system of paper money under direct Federal control, as compared with a system of paper money under the control of the various States?

Mr. ST. JOHN. With no Federal control attempted?

Mr. JOHNSON of Indiana. Yes.

Mr. ST. JOHN. Well, we have had a history in this country that was exceedingly expensive; very costly. Uncertainty caused a difference in exchange between cities, which varied from a tenth of 1 per cent to 3 per cent quite commonly, and sometimes exceeded 5 per cent. That difference in exchange was the price of that system to the producing sections, whose products were exchanged by means of State-bank notes for products hailing from the money centers.

Mr. JOHNSON of Indiana. Do you believe that conditions have so changed in the interval that there is now no danger of the evils from which we then suffered under the old State-bank system?

Mr. ST. JOHN. Has anybody furnished any fact to verify that statement? I do not admit it.

Mr. JOHNSON of Indiana. I want to develop your views.

Mr. ST. JOHN. I am willing to be converted by facts, but I have not seen any facts to warrant even a suspicion of such a change.

Mr. JOHNSON of Indiana. If we are to have a system of circulating notes issued by banks, which system do you think is preferable and would best subserve public interest—a system under exclusive Federal control, or a system partially under Federal control and partially under the control of the States?

Mr. ST. JOHN. I do not believe it would be possible to maintain a system under two controls under the Constitution of the United States, as I read it.

Mr. JOHNSON of Indiana. But let us assume the constitutionality.

Mr. ST. JOHN. I can not assume it, because I do not believe it is possible. I think the Constitution would interfere. I think that is an absurdity, and I do not think you want to ask me to assume an absurdity.

Mr. JOHNSON of Indiana. But as there might be a difference of opinion on the legal aspect of the question, assume that it is possible from a legal standpoint; as a practical business man what would you say as to the desirability?

Mr. ST. JOHN. I have had no experience to justify any opinion whatever, and I do not think anybody else has. I do not respect opinions that are based on imagination only. I will not ask you to do so.

Mr. JOHNSON of Indiana. Are the functions of a bank, so far as its discounts and deposits are concerned, so entirely separable from its functions as a bank of issue of circulating notes that, in your opinion as a practical business man, and leaving out of view the constitutional aspect of the question, that the discount and deposit functions could be subjected to one jurisdiction and the note-issuing functions to another jurisdiction?

Mr. ST. JOHN. There is nothing but imagination that could answer that question. I do not know. I have no suspicion that such a disjunctive conjunction could survive the first strain upon the money market.

Mr. JOHNSON of Indiana. The witness who was upon the stand just before you came was asked by the gentleman from Kentucky [Mr. ELLIS] to explain why it was that no money could be borrowed on short time by the merchant in New York on personal security at a low rate of interest, whereas a merchant in a city like Louisville, Ky., who was unquestionably solvent, could not obtain money from the banks there on the same time at so low a rate of interest. Can you give us a solution of that problem?

Mr. ST. JOHN. I can mention one of the causes.

Mr. JOHNSON of Indiana. What is your explanation? Does that condition exist?

Mr. ST. JOHN. It does.

Mr. JOHNSON of Indiana. Why?

Mr. ST. JOHN. I will give you one reason. There are many, doubtless, but one is this: The statutes of the United States establish a requirement of reserves of money in national banks. In the country banks—banks out of the main cities—it is 15 per cent of their deposits; in the larger cities it is 25 per cent of their deposits. Banks of those cities of the 25 per cent class which are not designated "reserve cities" and banks of the cities that are in the 15 per cent class are allowed by law to carry a portion of what is called their "cash reserve" on cash deposit in the city of New York. Thus, in law, a deposit in New York subject to check is a portion of the cash reserve required of the Oswatimie National Bank. The money is in the city of New York and is employed in New York. The banks in New York, competing with each other, invite such deposits, sometimes at a small rate of interest. The result is an accumulation of money in the banks of New York. One of the effects is a competition to employ it safely. There are too many lenders at times and low rates. Great demoralization in the money market in New York ensues. The effect has been evident in the condition for a year past until the last bond issue reduced funds, the prime borrower being able to get money on his own terms.

Mr. JOHNSON of Indiana. There are accumulations of money in New York?

Mr. ST. JOHN. There are, frequently.

Mr. JOHNSON of Indiana. That is your answer boiled down?

Mr. ST. JOHN. Yes; with this addition: The peril of these accumulations is what your section appreciates in your disadvantage in rates, which you ask me to explain. New York banks lend the money on an average calculation of demands upon them. If they lend too much of the money entrusted to them they are in danger. Hence, when their habit of thought is accustomed to the accumulation they dread the first evidence of its diminishing. To forestall this dread they lend to New York merchants of certainty to pay and whose paper will sell everywhere, in preference to lending to Louisville, when just as certain of payment, but not certain that Louisville paper will sell if money is drawn and must be provided.

Mr. JOHNSON of Indiana. Is that sufficient to explain this discrepancy in the rates of interest, in your opinion, between Louisville and New York?

Mr. ST. JOHN. Here is another thing: The Mercantile National Bank of New York has to-day some \$10,000,000 to \$11,000,000 of other people's money on deposit, and some \$5,000,000 of idle money in our vaults, part of which latter ought to be earning interest. But the times are uncertain; there is a threatened alarm on the gold shipment question, and there are other disturbing elements in prospect, so that we do not dare lend as closely as we would like. Under present conditions I would rather buy a prime New York merchant's note for \$100,000 at a discount of 3 per cent per annum than Louisville paper at 6 per cent per annum, four months to run.

Mr. JOHNSON of Indiana. If you will be kind enough to make your answers a little more concise it will perhaps better serve our purpose.

Mr. ST. JOHN. If that is not pertinent it may be stricken out. It is pertinent to remind ourselves that as communities grow in wealth they keep more and more of their money at home. Every government's bonds that sell at par and over are practically all at home.

Mr. JOHNSON of Indiana. You feel certain that the reason why you could make money at a low rate of interest is because of the superior character of the paper?

Mr. ST. JOHN. In times like these there is no security except in the most strictly prime paper, known to be such and available to sell as such.

Mr. JOHNSON of Indiana. I am assuming that the prime security is offered in Louisville.

Mr. ST. JOHN. I know banks in Louisville that are prime, and I know one that can get \$200,000 from me whenever it wants it. They can get money from me at 4 per cent and lend it at 6.

Mr. JOHNSON of Indiana. Do you think that it is the selfishness of the banks that causes this difference in the rate of interest?

Mr. ST. JOHN. No, sir; it is due to timidity, in view of the general lack of prosperity in the producing sections, or belief that producers are suffering generally.

Mr. JOHNSON of Indiana. Does not that timidity obtain in New York as well as in Louisville?

Mr. ST. JOHN. It does indeed.

Mr. JOHNSON of Indiana. Then how would that affect the difference in interest complained of?

Mr. ST. JOHN. It is not quite the same in New York. In New York we have a very large clientele of men who are worth a million dollars or more each and known to be. That condition does not obtain in the smaller cities. I can take paper of Louisville merchants with entire confidence, because I know them. But I can not be certain of getting cash for it if my depositors draw on me heavily.

Mr. JOHNSON of Indiana. Are there not men of unquestioned financial standing in Louisville as well as in New York? How could that create the difference?

Mr. ST. JOHN. I answered before that there are accumulations in New York such as are not in Louisville, those accumulations being partly the result of statute law. I explained our competition in New York as lenders, and our required caution as to amount to lend.

Mr. JOHNSON of Indiana. But I understood that there were other reasons, and it is with respect to the additional reasons that I was inquiring. Something has also been said in the course of the examinations we have had here about the scarcity of money in the agricultural sections of the country at what is known as the crop-moving time, and about the high rate of interest charged for money with which to move the crops. Can you explain the reason for the scarcity of the money and why it is that it costs the people living in those sections so much to get it? Describe the process whereby money is made high to them in order to move their crops.

Mr. ST. JOHN. Primarily and underlying the whole thing is the fact that the aggregate sum of money in the United States is not sufficient. If there were a general business revival in the United States we would have a painfully stringent money market within ninety days. That is one answer to the question.

Mr. JOHNSON of Indiana. Is it not a fact that at the very time that these people in the agricultural sections are complaining about the scarcity of money there are large quantities of money lying idle and congested in the money centers?

Mr. ST. JOHN. Undoubtedly so, as I thought I had explained.

Mr. JOHNSON of Indiana. Then would you say that the reason why this complaint exists is that there is not sufficient money for the purpose of moving the crops?

Mr. ST. JOHN. I would, undoubtedly. When I find an accumulation in every bank of Europe greater this year than for years past, I know there is a reason for it. The increase of the aggregate money of the world is stopped, except as one can provide 4.03 pounds of gold when he wants to add a thousand dollars to it. Distrust is the concomitant and distress the achievement.

Mr. JOHNSON of Indiana. Is the reason why money can not be had in agricultural districts in sufficient quantities to enable the crops to be moved because of the fear among lenders that there is no security for the money?

Mr. ST. JOHN. It is one and a sufficient reason for bank caution. The people who are making these complaints, and justly too, I think, are not prosperous. They are mortgaged to death to their factors and stores and country merchants. What they mortgage their homes and crops for is dollars. If their product will not yield dollars they can not pay their debts. Cheap overcoats do not concern the planter and farmer unless dollars are the outcome of their crops.

I have said that the aggregate of all our money is our measure of all values. It follows that the aggregate of money must increase with the aggregate of the commodity considered if the price of that commodity is to remain unchanged. Large volume of wheat, low prices for it; large volume of dollars, low value of dollars. I do not mean interest value of dollars. I mean relative value of wheat and dollars. High prices for flour and high rates of interest are found together. We see this conjunction in mining districts. To be brief, it is the fact that the world's growing abundance of the necessities and luxuries is surpassing the world's sufficiency of money. The prime sufferer is the producer of the abundance. Reflectively and painfully all elements suffer on account of him.

When crops move from the producing sections they move East and North and out of the country. The Western or Southern draft follows the merchandise to New York, is cashed in New York, and the money for which the merchandise sells is there. Now, to get the actual money to the West or South it has to be shipped there. That process of shipping is expensive in two ways. First, the express charges. Second, the alarm it nearly always causes the money-center banks who are asked to ship; it raises their rates of interest.

Mr. JOHNSON of Indiana. That is what I am trying to get at. The items that go to form the dearth of currency at the time it reaches the crop-moving section is due to what, do you say?

Mr. ST. JOHN. It is because it has to be shipped from the money centers to the crop-producing localities. That is a process demanding money. The insufficiency of our aggregate of money in the United States appears at such times glaringly to the unprejudiced. When crops move from the producer he wants actual money. Checks, drafts, and like credit substitutes for money do not content him. Money is the measure of his sales.

Mr. JOHNSON of Indiana. Let us stick to the question. You have stated one reason why money is so scarce and high, and that is because of the cost of transportation. You stated that there was another reason. What is that?

Mr. ST. JOHN. I thought I said that the cost of transportation was one element. I meant to say that the timidity element mentioned is the chief cause.

Mr. JOHNSON of Indiana. The feeling that the security offered for the money will not be sufficient if the people are not sufficiently prosperous?

Mr. ST. JOHN. Only partly that. More importantly, the money-center banks are timid at once upon every large drain upon their cash resources.

Mr. JOHNSON of Indiana. Are they afraid to realize on idle money with which the money centers are loaded?

Mr. ST. JOHN. I would rather say cautious. If cash reserves run down, we become a little more conservative of what remains.

Mr. JOHNSON of Indiana. Can you think of any other reason?

Mr. ST. JOHN. I do not think of any other reason. I am sorry to be so verbose in these. I was not expecting these inquiries.

Mr. HUGHES. Would not that timidity that you refer to, and the demand for money, exist in New York as well as elsewhere?

Mr. ST. JOHN. It always does. If checks are drawn upon a bank the money must be there to meet them, or must be raised instantly.

Mr. HAUGEN. What rate of interest did you charge during the panic a year ago?

Mr. ST. JOHN. The Mercantile National Bank of New York never exacts more than 6 per cent from its dealers, under the present administration of thirteen years. There was one instance during that panic of 1893 in which we did exact 8 per cent, I think. We had been badly abused, and might have exacted 20 per cent.

Mr. HAUGEN. What was the current rate about?

Mr. ST. JOHN. There was no current rate. Lenders got anything they chose to exact.

Mr. HAUGEN. It was much higher than it is now?

Mr. ST. JOHN. Yes; brokers paid on prime security three-fourths per cent per day and 6 per cent per annum; 276 per cent per annum for some days.

Mr. JOHNSON of Indiana. Can you give us, in a succinct form, your explanation as to how there can be a remedy for the high price of money in the agricultural districts in crop-moving times?

Mr. ST. JOHN. If there were a larger aggregate of money in the United States it could circulate over our vast territory without occasioning alarm. If I knew that the world believed that Louisville is absolutely prosperous, I would like to lend much of my money in Louisville. I would do so with the same certainty that I have mentioned as pertaining to New York. I merely take Louisville as the illustration, because you mention it.

Mr. JOHNSON of Indiana. Take any other prosperous Western city where rates are higher on good security than with you.

Mr. ST. JOHN. I regard Louisville as one of the most prosperous cities of the West and South. I did not mean to reflect on Louisville. But there is no general prosperity in the United States to-day. That is what I meant to say.

Mr. JOHNSON of Indiana. The receipts of interest throughout New England have been a good deal less than in other sections of the country, have they not?

Mr. ST. JOHN. Yes.

Mr. COBB of Alabama. Is it not a fact that it is because of this vast accumulation of money in New York, and a number of other cities, that the country is not generally prosperous?

Mr. ST. JOHN. These accumulations are not the cause; they are one evidence of the lack of prosperity.

Mr. COBB of Alabama. Have you any opinion as to what causes this want of general prosperity, whether it is from natural conditions, or from the result of operations of law, or what is your idea?

Mr. ST. JOHN. My opinion is that the aggregate sum of money in the United States is insufficient to establish confidence in its ability to meet the demands upon it under ordinary prosperity. Also, our money has a scarcity value proportionate to our abundance of the commodities which it values. "Prices," or dollar valuation of commodities, is ruinous to those who provide prosperity when we have any.

Mr. COBB of Alabama. What remedy can you suggest?

Mr. ST. JOHN. Enlarging the primary money of the United States.

Mr. COBB of Alabama. How?

Mr. ST. JOHN. Abandon experiment and go back to eighty years of our own experience and the world's experience in money.

Mr. COBB of Alabama. In your opinion, would that give us a more general dissemination of the volume of money in the country?

Mr. ST. JOHN. It would decidedly. May I read my answer to that inquiry on another occasion? I assume that I may.

"At this present moment a dollar, as the means of acquisition and measure of value, is more efficient than in any other period of recent years, prices of staple commodities being ruinously low. And yet at this same time money seeking wages, entitled interest, seeks employment vainly, or at rates that barely pay. Under these conditions fixed capital suffers in the failure of investments, the banker suffers as a lender, the merchant in the restricted distribution of commodities, the manufacturer and other producer in the current low prices, and labor in want of employment starves. In the mutual relations between these elements of the people, accumulated wealth loses in the reduction of its income, but regains a portion in the increased efficiency of the remainder as related to the commodities which he consumes. No other one of these elements, as such other, has profited at all. Labor has lost everything in losing its employment. The enduring fact, therefore, if these functions in money were the only ones to be preserved, would be 'the rich made richer at the expense of the poor made poorer,' as one achievement of statute law."

Mr. JOHNSON of Ohio. Do you consider that the enactment of Secretary Carlisle's plan into law will produce a great panic?

Mr. ST. JOHN. It will, if the seventh requirement is included, that banks must, in order to stay under national charter, not only guarantee each other's notes, but sell their \$300,000,000 of bonds before July, 1895. It can not help creating panic.

Mr. JOHNSON of Ohio. The forcing of United States bonds on the market is one element?

Mr. ST. JOHN. That is the primal cause; and then if the Government has to issue more bonds to recoup its gold reserve the timidity aroused in Wall street as to prices for Government bonds would manifest itself in the lack of any market for them, and prove perilous.

Mr. JOHNSON of Ohio. You do not believe in bank currency as a substitute for greenbacks and national currency?

Mr. ST. JOHN. What do you mean by "national currency?"

Mr. JOHNSON of Ohio. There are two or three forms. There is the Treasury note, which is really a legal tender, and there are the silver certificates and gold certificates. Those are national currency, and they are proposing now to substitute the national bank note for that. Do you believe in that plan?

Mr. ST. JOHN. I believe that if additional national bank notes, or any other bank notes, were issued in liberal amount while our primary money is chaotic we would go to pieces for a time.

Mr. JOHNSON of Ohio. Are you opposed on principle to this change that so many bankers have favored, of the Government going out of the note-issuing business and the banks going into it?

Mr. ST. JOHN. I am opposed to the substitution.

Mr. JOHNSON of Ohio. You are not as wise as some who are in favor of redeeming and destroying greenbacks. You do not object to that as they do?

Mr. ST. JOHN. The only timidity I have with reference to the greenback—and I have that timidity, I am bound to confess—is that it is so good a money, so nearly perfect money, and yet not money, that you gentlemen will provide more and more to excess of it. The greenback is perilously good money, as suggesting more and more of it until collapse.

Mr. JOHNSON of Ohio. Your practical suggestion is not to take in the notes by the Government?

Mr. ST. JOHN. I would not disturb the greenbacks.

Mr. JOHNSON of Ohio. You propose in your plan, if I understand it, a dollar-for-dollar reserve in coin against these coin certificates. How much do you propose in order to provide for times of stringency?

Mr. ST. JOHN. Forty per cent.

Mr. JOHNSON of Ohio. An increase on the amount of what you have of 60 per cent.

Mr. ST. JOHN. Forty per cent in reserve.

Mr. JOHNSON of Ohio. I beg pardon. You are wrong in the calculation.

Mr. ST. JOHN. I see what you mean. Your statement is correct mathematically, but I do not believe it would be intelligible after my other statement.

Mr. JOHNSON of Ohio. That is, in extraordinary times you propose that the coin certificates out shall not be increased beyond the point of a 40 per cent reserve, which amounts to an increase of 60 per cent?

Mr. ST. JOHN. I mean that until bimetalism is the actual achievement of my bill, if it be enacted, that the usual reserve against the coin certificates shall be 100 per cent. But emergency issues may be made against deposits of United States bonds, but only reducing the reserve to 60 per cent at lowest.

Mr. JOHNSON of Ohio. Does that afford an elastic currency?

Mr. ST. JOHN. It is the only really elastic currency that has been mentioned to your committee.

Mr. JOHNSON of Ohio. I am inclined to agree with you.

Mr. ST. JOHN. There has been no elastic currency mentioned before in the course of these hearings, so far as I have read. This would be an elastic currency, and I have given you the reasons for it.

Mr. JOHNSON of Ohio. You propose to convert the various Government bonds indirectly from bonds into currency?

Mr. ST. JOHN. Stopping the interest that the Government has to pay for the time the owners or borrowers use the money which the Treasury thus provides, and for no longer.

Mr. JOHNSON of Ohio. It is really an interconvertible plan?

Mr. ST. JOHN. It is a temporarily convertible bond of the United States.

Mr. JOHNSON of Ohio. It will contract?

Mr. ST. JOHN. The coin certificates will contract in amount as soon as the unusual demand for money ceases.

Mr. BLACK. Did I understand you to say this morning that, under existing circumstances, you would favor a bond issue?

Mr. ST. JOHN. What I said was this: That the business community of the United States to-day is in great peril; that necessity knows no law but the law of self-preservation. I say that the United States to-day must redeem its notes in gold, even in defiance of law, if necessary, for the sake of your prosperity and mine. But I say also that this ought not to be so.

Mr. BLACK. As I understand, the mistake of the Government has been made, but your idea is that we can not adopt any other plan?

Mr. ST. JOHN. The Government can not adopt any other course until it is strong enough in gold and silver both, to make alarm ridiculous. A giant can do things that a child can not do. The United States was able to redeem greenbacks and Treasury notes in silver and laugh at such consequences as could have ensued. It is not able to do so to-day.

Mr. BLACK. That is what I understand. Then, under existing conditions, you would favor an issue of bonds?

Mr. ST. JOHN. I hope, but my judgment is against the hope, that we need not issue bonds. But until you furnish a statute which will enable the United States to create money in a way to stifle panic, I say yes, issue bonds to maintain a gold reserve, although I say we are at fault officially for this need.

Mr. COX. In regard to the plan suggested by the Secretary, you seem to have a very serious objection to the requirement that the banks shall guarantee the notes of each other. It seems that that is based, to a certain extent, upon the idea that liability would be unknown. Suppose the law were so amended as to provide that the banks should pay up to the extent of 5 per cent of their circulation, and that they should then be released; would not that relieve the difficulty?

Mr. ST. JOHN. That would take away the negotiability of the note. People would be afraid of the notes.

Mr. COX. I do not think you have my idea.

Mr. ST. JOHN. Then I misunderstood you. The people to whom you offer a note would say: "Is that a note of the Chemical Bank? If it is, all right. If it is a note of the Osawatimie Bank, I do not want it."

Mr. COX. The guarantee fund is raised to 5 per cent.

Mr. ST. JOHN. But it is to take ten years to raise it. What may happen meanwhile? Suppose it is exhausted in the first panic. It would take a second ten years to restore this 5 per cent "safety fund."

Mr. SPERRY. The country is now on a gold basis, I take it.

Mr. ST. JOHN. The country is decidedly on a gold basis.

Mr. SPERRY. If I understood you correctly this morning, you said that the proposed scheme would put us immediately upon a silver basis, and that in about two years we should come back again to the gold basis.

Mr. ST. JOHN. No, sir; I allowed the conclusion that we reach a silver basis at once. If we did, then I said we would achieve a bimetallic basis within two years, when both our dollars, gold and silver, would be at par.

Mr. SPERRY. Then what basis would we be on?

Mr. ST. JOHN. A bimetallic basis, with the option to every debtor to pay in either coin, one coin being as good as another in the United States, and practically everywhere else in the world.

Mr. SPERRY. In case we should go on a silver basis, under your proposed scheme, what effect would that have on the prices of labor and commodities?

Mr. ST. JOHN. It would enhance them materially, but not at once. The theory that we would jump into some region of excessively high prices is ridiculous. It is not historical. Everything that is readily negotiable would advance promptly. It would take real estate in New York City two years to begin to show the advance notably. Government bonds would not advance for the reason that they are already high priced for the income they yield.

But securities in general, railroad securities, would advance, because railroads would promise to be prosperous. There would not be any large immediate rise in normal prices of commodities for the reason that there is no great amount of silver bullion available to the United States to convert into money. I said this morning that about \$5,000,000 is a liberal estimate for supplies on hand in distributing markets, and as soon as present owners saw that our mint would fix the price at \$1.20 per ounce, they would not sell at less.

India's supplies would go to her at \$1.20 per ounce, as they now go at 62 cents an ounce.

Mr. SPERRY. Then the immediate effect of reaching a silver basis would reduce the prices of commodities?

Mr. ST. JOHN. I said just the reverse. I said the immediate effect would be to raise the prices of everything, but that the rise would not be so rapid as some people imagine.

Mr. SPERRY. Would there be any immediate effect?

Mr. ST. JOHN. There would be, decidedly.

Mr. SPERRY. Then either I do not understand you or you do not understand me. What would be the immediate effect?

Mr. ST. JOHN. If the Secretary be the bold man I think him to be, and determined to carry out the law in spirit as in letter proposed, he would say, "Gentlemen of the United States, if anybody wants any part of \$200,000,000 at 4 per cent or 5 per cent per annum, let him lodge United States bonds therefor and he can have it." Otherwise, the immediate effect would be a panic. This provision of my bill would stifle any panic that threatened to arise.

Mr. SPERRY. Suppose we leave the bravery of the Secretary of the Treasury out of the account, and I will put it in this way: Under your proposed scheme we should go upon a silver basis?

Mr. ST. JOHN. I say I would not dispute that; I would admit it by way of argument. Practically I think that is not true. The demand for money, and

no silver immediately available for money, would attract gold into use, at interest, just as soon as all alarm was seen to be ridiculous.

Mr. SPERRY. What would be the immediate effect upon prices of labor?

Mr. ST. JOHN. The immediate effect, so far as felt at all, would be to raise the prices of everything, including labor.

Mr. SPERRY. Immediately?

Mr. ST. JOHN. That would be the immediate tendency. "Immediate" is a vague term.

Mr. SPERRY. There would be no effect downward?

Mr. ST. JOHN. No, sir.

Mr. SPERRY. Would there be a panic?

Mr. ST. JOHN. No, sir; panic would be stifled, as I propose.

Mr. SPERRY. I am asking for the immediate effect, not the final effect. I had thought that if we go on the silver basis the effect might be a panic.

Mr. ST. JOHN. If the means were not at hand to allay it there would be a panic. No business man gets panicky if he can see the means to allay it right at hand certain to be used.

Mr. SPERRY. I am speaking of the condition of affairs, which I understand would result from your bill, if we should immediately go upon a silver basis. In that case would not the immediate effect be a panic?

Mr. ST. JOHN. No, sir; the sight of the means at immediate command to allay panic would prevent a panic.

Mr. SPERRY. There would not be a panic if there was not any panic. I understand that.

Mr. ST. JOHN. I mean to answer you with entire frankness, and I do not mean to be captious. As I understand it, a panic could arise only from a shrinkage, or fear of shrinkage, in the volume of money. Now, I propose to meet that with \$300,000,000 of coin certificates of the United States of America—as good a certificate for money as can be made.

Mr. SPERRY. In other words, \$300,000,000 of gold would go out?

Mr. ST. JOHN. I did not say that; I do not admit it. My bank has \$1,400,000 of gold on hand as part of its reserve. Not a dollar of it would be disturbed. It would all lie there as now, in reserve against our \$10,000,000 or \$11,000,000 of deposits.

Mr. SPERRY. Then there would be no immediate panic?

Mr. ST. JOHN. None whatever, if the provision proposed is included in the act. Men are not children. We are not doing business on that basis in New York or elsewhere.

Mr. SPERRY. What are the means you speak of, that you think would allay what is generally considered to be an immediate effect growing out of a gold basis?

Mr. ST. JOHN. I think if anybody has the United States bonds, or if he can hire them, as has frequently been done, he could lodge them in any subtreasury or in the Treasury, and obtain any part of the \$300,000,000 coin certificates. These coin certificates are to be a limited legal tender; as such, unless contracted against, they are money. There will be no objection to them if the money market is stringent. Clearing-house certificates are good enough for money in dread of panics; the United States certificate is their superior.

Mr. SPERRY. Those coin certificates would be redeemable, how?

Mr. ST. JOHN. In coin, at the Treasury's option as to whether gold or silver coin.

Mr. SPERRY. And if the condition of the Treasury were such as to force the Treasury to redeem those coin certificates in silver, then what?

Mr. ST. JOHN. The Treasury would not be asked to redeem any, that is all. It would not now be asked to redeem greenbacks or Treasury notes had the like option been availed of when it ought to have been.

Mr. SPERRY. Then should we not be on a silver basis?

Mr. ST. JOHN. I said so; or on a paper basis, because the Treasury only owes a few million silver dollars at present.

Mr. SPERRY. Then the means you propose to allay the panic would not come into operation, would they?

Mr. ST. JOHN. I do not know why not. I never saw a silver dollar at a discount, and I have bought them at 3 per cent premium. I offered in large type in every New York daily paper, for two days, three-quarters of 1 per cent premium for silver dollars to be paid for in clearing-house checks at the height of the panic of 1893.

Mr. SPERRY. In your judgment, if we go immediately upon a silver basis and the Government bonds are brought in and transferred into coin certificates, possibly in silver, no panic would result?

Mr. ST. JOHN. Not if my proposition of relief is adopted in the shape discussed.

Mr. SPERRY. What would be its effect on foreign exchange?

Mr. ST. JOHN. I told you this morning what the first effect would be if we were on a silver basis; it would depend entirely upon how much silver was offered at our mints. If a stringent demand for money appeared I would not be surprised to see dollars of the United States, of whatever composed, worth a premium as money in New York, over exchange on anywhere, right off. If scarcity of money were caused by the fulfillment of your idea that we would be immediately upon a silver basis, the demand upon gold for use as money would be superior to any promise of a premium on the gold in hoarding. If scarcity of money did not ensue the point of your inquiry is removed.

Mr. SPERRY. If you now draw exchange on London it calls for gold, does it not?

Mr. ST. JOHN. It means gold on the other side, or Bank of England notes.

Mr. SPERRY. Those are the equivalent of gold always.

Mr. ST. JOHN. Not always, but means that now.

Mr. SPERRY. If at the present time you draw exchange from London on New York that means gold?

Mr. ST. JOHN. Nobody ever does that.

Mr. SPERRY. Are not remittances made if there is a balance in our favor?

Mr. ST. JOHN. That is the other way. There are no remittances to us in that shape, in sums worth mentioning. Dealings in money between Europe and the United States are by drafts always on London, or elsewhere over there.

Mr. SPERRY. If I wanted to remit to New York, would I draw a draft?

Mr. ST. JOHN. No, sir; actual money would be shipped, unless you made a deposit in London to the credit of your creditors. If exchange on London were at a discount in New York, they would ship gold this way; it is the only acceptable thing they have to ship.

Mr. SPERRY. Are there times when exchange on London is at a discount in New York?

Mr. ST. JOHN. Many times. As for instance, while the "Sherman Act" repeal bill was pending, and the New York papers had told alarmingly of our exportations of \$71,000,000 between February and June, there came a day in June, 1893, when gold began to return. In the course of the four months ending with September \$55,000,000 of gold returned from Europe to New York. Would you believe that the New York papers forgot to direct public attention to the fact? The "Sherman law" was not repealed until November 1. The reason that gold came back, the continuing "Sherman Act" to the contrary notwithstanding, was because exchange on London was at a discount in New York.

Mr. SPERRY. What would be the rate of exchange between New York and London if we were on a silver basis?

Mr. ST. JOHN. That would be a mere guess at present; there is nothing to base an opinion upon.

Mr. SPERRY. What would it represent?

Mr. ST. JOHN. It would represent the then present value of the money of the United States; which I think will be as good money, and as attractive to other nations, as an example, as any money in the world. It will be the very best if it restores our own and their prosperity.

Mr. SPERRY. That is the bullion value?

Mr. ST. JOHN. No, sir.

Mr. SPERRY. Would it represent the bullion value of gold and silver money?

Mr. ST. JOHN. It would represent what was then the relative bullion values of our gold and silver coins.

Mr. SPERRY. At the present time a merchant buying \$1,000 worth of goods in London pays \$1,000 in New York, within a range of 1 or 2 per cent for exchange, I take it?

Mr. ST. JOHN. I think I understand you, and if I do, that is about correct.

Mr. SPERRY. Suppose we were on a silver basis and that a New York merchant buys \$1,000 worth of goods in London; how much will his draft cost him?

Mr. ST. JOHN. That will be taken into the account in the price of the goods when buying, and he will not remit such money as you imagine. I will explain: The silver dollar of the United States, if it were in London to-day, would sell there at a discount of about five-eighths of 1 per cent. That is par, less freight, insurance, and interest to New York. It would not sell at the value of the bullion composing it, as you are sometimes told here. If the mints of the United States were wide open to silver, as they are to gold, the market price of silver, for a time at least—and this will commend itself to anybody—would be the coining price of silver at our mint.

Mr. SPERRY. What does the Mexican dollar sell for in London?

Mr. ST. JOHN. It sells for its bullion value without regard to the law of Mexico. Let me explain.

Mr. SPERRY. Answer it now.

Mr. ST. JOHN. I will answer it now. I object, first of all, to Mexico as a criterion for the United States. Mexico's population does not exceed the aggregate population of Pennsylvania and New York. Mexico's little internal-trade employment for her money may be imagined from the fact that her entire railroad system embraces about one-third the direct track mileage of the Erie Railway, only one-sixth of the direct and side track mileage of that single one of the railroad systems of the United States; and Mexico imports of commodities which are her mere comforts, together with her luxuries, an aggregate of more than she has anything else but her silver product to give for them. Therefore, as a seller of silver, necessarily at any price obtainable, her silver coin and bullion stand practically alike in the markets of the world.

Mr. SPERRY. What is the relative bullion value of the Mexican dollar and the American dollar?

Mr. ST. JOHN. One is about 420 grains and the other about 412½, nine-tenths fine.

Mr. SPERRY. The bullion value of the Mexican dollar is worth more than the bullion value of the American dollar.

Mr. ST. JOHN. Yes; and our trade dollar's bullion value was the same as that of Mexico when we had trade dollars. When our trade dollars were deprived of their legal-tender function they sold like bullion, at a discount, while our ordinary 412.50-grain silver dollar was at par.

Mr. SPERRY. Have you stated the price of the Mexican dollar in London?

Mr. ST. JOHN. It is whatever the price of silver bullion is, and a little more. They fetch anywhere from one-half of 1 per cent to 1 per cent more than bullion because available for exportation to China as money.

Mr. SPERRY. It sells as bullion?

Mr. ST. JOHN. At a moderate premium over bullion.

Mr. SPERRY. The American dollar does not sell as bullion?

Mr. ST. JOHN. It would sell to-day in London for 100 cents in gold, less about five-eighths of 1 per cent, the cost of transportation to New York.

Mr. SPERRY. Just on a par with the greenback?

Mr. ST. JOHN. Or the gold dollar when exchange on London is at a premium as now.

Mr. SPERRY. These two kinds of dollars, Mexican and American, being of substantially the same bullion value, can you explain why it is that in London the Mexican sells for about 50 cents in gold and the American for about 100 cents in gold?

Mr. ST. JOHN. Because the aggregate of American dollars (gold, silver, and paper) is not greater than our aggregate employment for them all as money. Our gold, silver, and paper dollars, as long as they are equivalent legal-tenders and as long as the aggregate of them does not exceed our use for them as money, will always be at par at home and abroad. Demand for dollars here relative to the supply of dollars here will comprehend this whole question.

Mr. SPERRY. Would it be true to say in answer to the question I put to you that the American dollar sells at par, so to speak, because the American Government maintains a parity between the two metals?

Mr. ST. JOHN. Not a bit of it. The Government does not do it. Neither the Treasurer of the United States nor any assistant treasurer would dare to-day to redeem 10,000,000 of silver dollars in gold. He would have a storm of popular indignation upon him over night.

Mr. SPERRY. Then you think the Government does not maintain a parity?

Mr. ST. JOHN. I know that the Government does not maintain the parity between our silver dollars and our gold coin. The business demand for dollars, whatever composed dollars, maintains this parity in their use as money. The Government does not, and could not just now.

Mr. SPERRY. The parity is maintained, is it?

Mr. ST. JOHN. It is, in spite of the pitiable condition of our Treasury.

Mr. SPERRY. Then I will put the question in that way: Do you think the American silver dollar sells at par in London because the parity of the two metals is maintained in the United States?

Mr. ST. JOHN. Yes, sir; that is it exactly. You mean the coins, of course.

Mr. SPERRY. Of course I meant gold and silver coin. If we go on a silver basis, that ends the maintenance of the parity between the two metals?

Mr. ST. JOHN. I did not admit it for a moment; and I do not believe it, though I assented to it, provided it suited you. I said, to begin with, that there is not \$5,000,000 worth of silver bullion available at once to the United States, if our mints were reopened to silver. Can you imagine the United States unable to add \$5,000,000 to its aggregate of money at par? Until the volume of silver brought to our mints becomes so great that we can not use the money into which we convert it, \$1.20 per ounce pure will be the world's price for silver bullion everywhere.

Mr. SPERRY. Then, in your judgment, if we should go upon the silver basis, the parity being destroyed by whomsoever destroyed, a merchant in New York buying \$1,000 worth of goods in London would merely remit \$1,000 without regard to the difference in value between gold and silver coin?

Mr. ST. JOHN. You surely would not attribute any such impression to an intelligent man. I did not say anything like that.

Mr. SPERRY. I understood you to say so.

Mr. ST. JOHN. No, sir.

Mr. SPERRY. Then what would be the effect, the parity being broken down or lost, if a New York merchant wants to settle a thousand-dollar account in London? How much will it cost him in American money?

Mr. ST. JOHN. That would depend upon relative prices in New York and

London, ascertained daily by cable, for wheat, cotton, petroleum, and the like. The difference and a margin for safety would determine practically the rate of sterling exchange.

Mr. SPERRY. He would speculate in the wheat market? Mr. ST. JOHN. He would decidedly not speculate. Such transactions proceed daily now. The buying here and selling over there are practically done at a single moment. The movement of commodities from the United States determines whether exchange on London is at par or a premium or a discount in New York.

Mr. SPERRY. Suppose he did not want to go into the wheat market? Mr. ST. JOHN. He would not need to go into the wheat market. I told you the way in which the price of exchange is fixed. But if the movement of commodities left us debtors in the balancing of trade, then the rate of exchange on London would be fixed at once and for so long as the difference between London's price for the gold bullion and silver bullion in our dollars.

Mr. SPERRY. Suppose he did not want his banker in London to speculate in the wheat market. Suppose he should go to his New York banker and ask for a London draft to pay \$1,000 in London; how much would he have to pay his New York bank for the London draft after the parity is lost?

Mr. ST. JOHN. The difference in exchange would equal the difference in the parity, as just explained, under the conditions mentioned.

Mr. SPERRY. That is exactly what I am trying to get at. That would be the difference between the bullion value of gold and silver coinage of the United States, would it?

Mr. ST. JOHN. At the time when the transaction is made, our mints being open without limit to both metals, our trade relations with Europe would answer your inquiry. I predicted this morning our relations to become the creditor in trade with Europe.

Mr. SPERRY. Then if the silver dollar were worth 50 cents, and we were on a silver basis so that all the New York checks would be cashed in silver, he would have to draw a draft for how much—\$2,000?

Mr. ST. JOHN. I could not suppose any such thing. That could not exist. The supposition is an impossibility in itself, when the United States stands ready to coin at 1.29 per ounce.

Mr. SPERRY. Now, you are assuming. Mr. ST. JOHN. But you must not put upon me an assumption that I regard ridiculous.

Mr. SPERRY. But you are assuming that the United States comes in to establish the parity, are you not?

Mr. ST. JOHN. I am not; not to establish the parity as you mean; but if the United States proposes to coin into our money without limit all the silver that is offered, and if all that can be offered, for years at least, can not be more than we can use acceptably as money, your assumption is not reasonable.

Mr. SPERRY. Is it an answer to the question to assume that the United States comes to the assistance of the New York merchant and establishes a parity?

Mr. ST. JOHN. That would seem, on its face, to be an offensive way of putting your inquiry.

Mr. SPERRY. I do not wish to be offensive, but if you can answer my question I will put it over again, and give you another opportunity. Whatever you say goes. The question is this: Assume that we have lost the parity. Under your answer I take it I had a right to assume that New York checks are cashed in silver dollars, the bullion value of which is 50 cents of their face, in round numbers. A New York merchant wants to settle a thousand-dollar account in London which calls for gold. He goes to his New York banker and asks for a draft on London. How much will he have to pay for that draft in order to settle that account in London?

Mr. ST. JOHN. Unless the chairman insists upon my answering that question "yes or no," which would be grossly unfair to me, I will restate all there is of a question in what you ask, and answer it. Whatever is the difference in price between 371.25 grains of silver bullion in New York and 23.22 grains of gold bullion in New York, that difference will be the premium on exchange on London in New York, unquestionably.

Mr. SPERRY. That is exactly what I supposed.

Mr. ST. JOHN. I will not assume for a moment that 50 cents will be the price of the silver bullion in our dollar anywhere, when our Mint values it a hundred cents. I would not sanction that statement for a moment, so long as India continues her vast demands upon the world's supplies of silver, and there is not the slightest prospect that it will cease.

Mr. SPERRY. What is the bullion value of a silver dollar to-day?

Mr. ST. JOHN. About forty-nine and odd cents. I have not seen the quotations for two or three days. But our own and every other mint in the world are practically closed against silver, excepting that of India. Indian princes are coining; and the Government is coining rupees on Government account, and will continue to.

Mr. SPERRY. We have to deal in legislation with existing conditions.

Mr. ST. JOHN. Oh, no; not at all. We create conditions by law. We govern sixty-odd millions of people, occupying 3,000,000 square miles of as productive territory as the face of the globe could provide, under one dictation of enlightened law.

The CHAIRMAN. Are there any other questions?

Mr. ST. JOHN. I should like to place myself on record by saying two or three things, if it will not take up too much time.

I object to the conclusions of the Comptroller of the Currency, in his report for the present year. On page 33 of that report, at the bottom of the page, he says:

"Under the existing laws, the Government standing responsible for the redemption of the circulation of failed national banks, up to January 1 last, had there been no bond deposit whatever, the loss to it would have been but \$1,139,253, and of this amount \$959,247 represents the loss by banks whose trusts are still open and will pay further dividends, thus reducing the amount last named."

My comment on this is that no one knows what would have happened "if." We do know that the safety-fund system of the Baltimore plan failed disastrously in New York, that the Suffolk system failed expensively in emergency, and that every other but the one national banking system of note issue has been costly to the people of the United States.

Mr. JOHNSON of Indiana. Pardon me, Mr. Chairman, I believe a meeting for the committee has been appointed for to-night. It will be very inconvenient for members to come up here, and I desire to move that we now go into executive session, with a view of seeing if we can not attend to our business and avoid a night meeting. We are all tired. Mr. St. John has been heard at length, and it seems to me that he might have made these attacks or refutations in the time he has occupied, instead of going so extensively into a discussion of the silver question. I think he should be allowed to put himself on record without testifying.

Mr. ST. JOHN. I only desire to refer to two or three other matters.

The CHAIRMAN. Mr. St. John can state briefly what he desires.

Mr. ST. JOHN. Mr. Horace White, on page 85 of the report of these hearings, said, in commending the safety-fund system of bank notes:

"Both systems [the New York safety-fund and Suffolk systems] aim to secure note holders, and both are adequate to that end."

I beg to offer, in rebuttal, Hon. John J. Knox, in his report as Comptroller for 1876. On page xxiii he reports regarding the New York safety-fund experience that—

"Contributions to the fund were first made in 1831. In 1841 to 1842, 11 of the

safety-fund banks failed, with an aggregate capital of \$3,150,000. The sum which had been paid into the fund by these banks was about \$86,274, while the amount required for the redemption of their circulation was \$1,548,538."

Mr. WALKER. In a subsequent report Mr. Knox changed his opinion.

Mr. ST. JOHN. This is no part of his opinion. I do not offer anyone's opinions. Facts only interest me in this perilous controversy. I will offer in rebuttal again of Mr. Horace White, and these points cover all he offered you as facts to base your opinions on, the following as to the Suffolk system. It went to pieces on more than one occasion, and it did not aim to maintain bank notes at par. It bought bank notes at a discount. The people have learned the value of money at par. They won't approve of any other. Here is the rebuttal of Mr. Horace White:

[The Suffolk Bank, by D. R. Whitney, president of the Suffolk Bank. Riverside Press, Cambridge, Mass., 1873.]

"The business man of to-day knows little by experience of the inconvenience and loss suffered by the merchant of sixty years ago arising from the currency in which debts were then paid (page 1). Suffolk Bank's charter was granted February 10, 1818. There were only six banks in Boston (page 3). If any bank deposits with Suffolk Bank \$5,000 permanently, and more as needed from time to time, such bank shall have the privilege of receiving its own bills at the same discount at which they are purchased (page 7). About this time, May, 1825 (page 16), the Phoenix and Pacific banks of Nantucket failed to redeem their bills. . . . After a delay of two months a settlement was made (page 17). Between 1831 and 1833 a great increase took place in the number of banks in New England. . . . The Suffolk Bank became overloaded with bills (page 23).

"During the winter of 1835-36 thirty-two new banks were chartered. . . . many of these banks with little or no real capital; specie was borrowed one day to be counted by the bank commissioner and replaced next day by the notes of stockholders; the bills of these banks, loaned in violation of the usury law at high rates of interest, were used in the wildest speculations. . . . These bills poured in upon the Suffolk Bank until forty-four banks were overdrawn \$264,000, and Suffolk Bank rebelled (page 25). . . . The threatening storm now broke (May, 1837); Suffolk Bank, in common with other banks, suspended specie payments (page 28). . . . Suffolk Bank's total losses by Eastern banks was very great (page 30). . . . About this time (1844) arrangement was made with bankers and others in New York to receive New England bills at one-tenth of 1 per cent discount (page 38). . . . In December, 1855, the difficulties attending the business had become so great that the propriety of giving it up was discussed. It was decided to continue it (page 32). During the five years preceding 1857 a large increase of banks took place in New England. . . . Speculation was rampant. . . . specie reserve was low. . . . loans had increased, so that banks were in a very poor position to withstand the panic which then took place (page 55). On October 14, in common with other banks and on recommendation of the clearing house, the Suffolk Bank suspended specie payments (page 56)."

Mr. JOHNSON of Indiana. What went to pieces? Mr. ST. JOHN. The Suffolk redemption system, not the Suffolk Bank. That is a prime national bank to-day; and we are one of its correspondents in New York. That note-redemption system was utterly inadequate. It was a disastrous failure at three distinctly separate times. Mr. JOHNSON of Indiana. What broke down? Mr. ST. JOHN. The whole system known as the Suffolk Bank note-redemption system. The whole thing broke down because too much work was put on it. It was not adequate to the occasion. There was not specie available with which to fulfill obligations created and floated. Nothing similar would fare better to-day.

Mr. JOHNSON of Indiana. The distinguishing feature of that system was the redemption of bank notes? Mr. ST. JOHN. Yes; they did not always have the means to redeem the notes.

Mr. JOHNSON of Indiana. I do not want to seem to be discourteous to Mr. St. John, but much he has said, in my opinion, has not been relevant. If he desires to make a direct reference that will occupy but a few moments, I have no objection to his doing so, or to his inserting in the record some quotation that he thinks desirable. But I do not believe that it is necessary for us to hear these matters in extenso.

The CHAIRMAN. How much time do you desire, Mr. St. John? Mr. ST. JOHN. If I can have five minutes I can say all I desire.

The CHAIRMAN. Proceed. Mr. ST. JOHN. With regard to the testimony of Mr. Butler, of New Haven, I will say that he is my personal friend, and knows that I esteem him highly. We differ in our notions as to money. He seems to have said that if free coinage of silver were to be provided he would sell out everything and invest in real estate, "because I could raise my rentals and get a fair return for my money." I would rejoice that if there were no prosperity accompanying free coinage his tenants could not stand a rise in rent, if they could pay any rent at all.

A similar prediction was attributed by the New York papers to my warm personal friend, Mr. George S. Coe, president of the American Exchange National Bank of New York, and chairman of the finance committee of the Chamber of Commerce, in connection with the Bland-Allison Act of 1878, as that enactment might affect specie payments in 1879. Our newspapers attributed to Mr. Coe the assertion that he would give \$50,000 to purchase first place on the line at the subtreasury in New York to demand gold for greenbacks on January 1, 1879, if the Bland-Allison Act was not vetoed by the President. The act became a law over the veto, and against the predictions of the New York papers of a cataclysm if it should. In 1880, while the Bland Act was in execution, and 75,000,000 of silver dollars were already coined, the United States imported \$75,000,000 more than it exported of gold that year; and in 1881, after 105,000,000 of silver dollars had been coined, the United States imported \$97,000,000 more of gold than it exported that year. And remember that \$55,000,000 of gold was imported after \$71,000,000 had been exported, while the Sherman Act repeal was still pending and uncertain in 1893.

I desire to say, also, that I object to the conclusions of Mr. Hepburn, when Comptroller of the Currency, on page 32 of his report for 1892. Mr. Hepburn is now president of the Third National Bank of New York. On that page (32) he said:

"Over 90 per cent of all business transactions are done by means of credit. When the public lose confidence and credit is impaired and refused, over 90 per cent of all business transactions are directly affected. It is easy to realize how impossible it is for the remaining 10 per cent of money to carry on the business of the country without monetary stringency and financial distress."

Ninety per cent of the banking business may be conducted in credit substitutes for money, but the banking business is only a portion of all the business of the United States. The buying of cotton and of grain from first hands, called the "first movement of the crops," is done mostly with actual money. Railroad fares and city travel are paid for in actual money. Much of the retail business of the country of all kinds and pay rolls, etc., employ actual money, as Comptroller Eckels in his recent report shows. The aggregate of all other than the banking business, therefore, is vast, and employs a vast aggregate of money.

I desire further to object to Canada as a criterion for the United States, as advanced by Mr. Horace White and Mr. Cornwell.

Canada will be a criterion of the United States when the eagle takes dictation from the humming bird.

The total population of all the provinces composing Canada is less than 4,500,000; the population of the State of New York alone is 5,900,000; population of the United States, 67,000,000. The circulating notes of all the chartered banks of Canada are less than \$40,000,000; the gold coin in the clearing-house banks of New York City, November 25, 1894, was \$96,000,000. The aggregate resources of all the chartered banks of Canada were less than \$315,000,000; the aggregate resources of the clearing-house banks of New York City alone exceed \$1,434,000,000; the aggregate resources of the State and national banks of the United States exceed \$7,340,000,000.

Canada's bank act was "assented" to May 16, 1890. It had no strain upon it. Thirty-nine banks compose the system which it governs. The United States statutes, on the lines proposed by Secretary Carlisle, would govern 8,000 banks (State and national).

I desire, finally, to submit for the consideration of the committee the following concurrent resolution introduced in the Senate by Senator Matthews December 6, 1877, which passed the Senate January 25, 1878, and passed the House promptly thereafter:

"Therefore, be it resolved by the Senate (the House of Representatives concurring therein), That all the bonds of the United States issued or authorized to be issued under the said act of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars, of the coinage of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith, nor in derogation of the rights of the public creditor."

Mr. Stanley Matthews died a justice of the Supreme Court of the United States.

Mr. Chairman and gentlemen, I hope you will overlook the defects of my statements. My nervousness is due to my severe cold, which kept me coughing half the night. I apologized for it in advance; and I thank the committee for its kind attention.

Mr. JOHNSON of Ohio. I move that the hearings be now closed.
The motion was agreed to.

Currency Reform.

I have ever been the enemy of banks, not of those discounting for cash, but of those foisting their own paper into circulation and thus banishing our cash. My zeal against those institutions was so warm and open at the establishment of the Bank of the United States that I was derided as a fanatic by the tribe of bank mongers who were seeking to filch from the public their swindling and barren gains.—Thomas Jefferson.

So persecuted they the prophets which were before you.—Matthew, v, 12.

SPEECH

OF

HON. WILLIAM J. BRYAN,
OF NEBRASKA.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, December 22, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. BRYAN said:

Mr. CHAIRMAN: I desire, in the first place, to call attention to the extraordinary circumstances which surround the presentation of this measure. This is the closing session of the Fifty-third Congress, and nearly half of the members of the House will retire in about two months. Yet the President of the United States has asked this Congress to pass a bill which changes the entire character of our paper money. If this proposition were to take off the 1 per cent tax from national-bank circulation, or if it were to allow them to increase their circulation to 100 per cent on the bonds, it would not, although objectionable, involve any new principle; but the plan proposed involves an entirely new principle. It revolutionizes our currency system, and this change, which affects every man, woman, and child in the nation, which concerns every inhabitant, is asked of this Congress without the subject ever having been discussed by the American people.

I doubt if you will find a parallel in the last twenty-five years. I doubt if you will find such a repudiation of the theory of democratic government. Why do we have platforms? It is in order that the people who vote, knowing the policies to be pursued, may express themselves on those policies, and select such agents as will carry out their purposes. If that is the purpose of platforms, if we believe that what power we have really comes from the people, and if we believe that they are competent to govern themselves, what excuse can be given for proposing so important a change in the monetary policy of the country, without ever having submitted the question for public consideration?

Has any President ever proposed before to annihilate the greenbacks? Has any party ever declared for it? Have any campaign speakers ever presented that issue to the American people? And yet after an election, one of the most extraordinary elections ever held in the United States, after a political defeat without prece-

dent, the defeated party in control of Congress is asked, before it retires, to please turn over the issue of all paper currency to the banks. More than that, the Banking and Currency Committee at once takes up the question and certain people are invited to come and be heard. And who are invited? The bankers are invited to come and give their opinions as to the proposed plan. Has any one else been heard? Is the banker the only man interested in this question? And yet, after hearing for a week from the bankers, a report is made—one of the most extraordinary reports ever made to Congress. By a bare majority the committee decide to throw the bill into the House, and they say that owing to the exigencies of the Treasury they agree to the report, each one reserving the right to propose amendments and to vote against the bill! [Laughter.]

Mr. PENCE. They begin to see that they are going to do it.

Mr. BRYAN. Another extraordinary feature in connection with this bill. Before this Congress has been in session a month we are brought face to face with this proposed change in our currency, and, without having time to read the testimony of the bankers even, the matter is brought up in this House for discussion. It was at first proposed to have two days of general debate. That was the first proposition; and then unanimous consent was asked to close debate under the general rule this week, when it took three days for the members of the committee to get through, not to speak of the few other members of Congress who may feel that their constituencies are interested.

I say, Mr. Chairman, that when you consider the circumstances surrounding this question I doubt whether you will find a parallel even in the history of the United States. What does it mean? The President has launched upon the country an issue, an issue which must be dominant until either all Government paper is annihilated or until all bank paper is annihilated. That is the issue. And instead of submitting it to the country for calm discussion we are asked now to take snap judgment upon the people and decide the question finally, so that if the people want to change it hereafter they must get a House, Senate, and President to agree to the change.

Mr. Chairman, what excuse has been given for presenting this bill at this time? Well, there was a lame excuse in the beginning. But while there might have been some possible excuse for the original bill, the committee recommends a substitute which takes away the only shadow of an excuse that the committee ever had. What was the excuse given for the bill? Why, it was said that the exigencies of the Treasury required immediate action. And what were those exigencies? They said, "They are presenting greenbacks and Treasury notes and drawing out the gold and will compel another issue of bonds!" And this plan as first proposed was commended to Congress on the ground that it would absorb about half of the Treasury notes and greenbacks, and thereby protect the gold reserve.

It is useless to reply that it will not take up all these paper obligations, and that so long as any are outstanding they can still be used just the same as if they are all outstanding. That is a complete answer to the excuse. But men who desire a thing, and give a pretended excuse for wanting it, will not be deterred when you take away their excuse. The influence back of this bill is the same influence that was back of the repeal of the Sherman law a year ago; and when we fully met and answered the excuse they gave for that bill it did not lessen the power behind the bill. Did they not tell us then that the reason why the Sherman law must be repealed was that they were drawing out gold on the Treasury notes? Do you remember that? And I, among others, tried to call the attention of the House to the fact that as long as we had \$346,000,000 of greenbacks which could be used for the same purpose it was foolish to complain that the gold was being drawn out on the Sherman notes.

I suggested that it was like finding fault because the gate was open when the whole fence was down, and that the gold drain would go on just the same, until the Secretary exercised the option to redeem in silver, as he should do. But we labored in vain. The reason given was not the real reason, and therefore to answer it gained no advantage, and it will not have any effect on those who are urging the passage of this measure now to show them that the bill will not bring a particle of relief to the Treasury. I will call your attention to the testimony of Mr. Butler, of New Haven, one of the bankers, whose testimony is conclusive on this point.

Mr. BLACK of Georgia. Does the gentleman mean to say that the committee invited bankers only to appear before the committee?

Mr. BRYAN. Perhaps I should not make it so broad as that; but they were nearly all bankers.

Mr. WARNER. Oh, no; the gentleman is mistaken in that.

Mr. PENCE. All but Mr. Carlisle and Mr. Warner.

Mr. BRYAN. I think if the members will take the testimony they will find that the great bulk of this testimony was given by bankers.

Mr. WARNER. Horace White is not a banker; Mr. Dodsworth is not a banker; A. J. Warner is not a banker.

Mr. BRYAN. You have named three.

Mr. WARNER. C. C. Jackson is not a banker.

Mr. BRYAN. Well, that is four; but Mr. Jackson is a broker.

Mr. WARNER. If you will give me the list I will show you a number who are not bankers.

Mr. BRYAN. Take another list, please, and I will proceed while you count them.

Mr. WARNER. I know the gentleman wants his statement to be correct. Mr. Carlisle and Mr. Eckels took up a large part of the time of the committee. On going over the record I find that those who are not bankers whose hearings were extended were Mr. White, Mr. Dodsworth, Mr. Gunton, Mr. Rothwell, Mr. A. J. Warner; that those who are either bankers, brokers, or financiers, were Mr. Butler, Mr. Cornwell, Mr. Jackson, Mr. Homer, Mr. Pratt, Mr. Ripley, Mr. Williams, and one other gentleman, Mr. St. John, of New York, who came here repudiating the idea that he represented the bankers and declared himself in favor of free silver. If Mr. St. John be added to those who are not bankers or brokers or in any way allied with them, the time and the space given them is greater than that given to all those who are classed as bankers and brokers—this even though the time and space given to Mr. Carlisle and Mr. Eckels be left entirely out of consideration.

Mr. BRYAN. In numbers, how do they compare?

Mr. WARNER. In numbers, there is one more of those whom the gentleman considers as bankers than of the others, if we omit Mr. Carlisle and Mr. Eckels, upon whom so much time was spent.

Mr. BRYAN. Now, Mr. Butler says:

It seems very much like pouring water into a sieve and catching it in another sieve. One million of legal-tender notes deliberately worked could take one hundred millions of gold out of the Treasury of the United States in any one year. Ten millions of legal-tender notes, worked to the full capacity that they might be worked, could withdraw a thousand millions of gold from the Treasury.

This is Mr. Butler's statement and it is common sense. Leave ten millions of these notes outstanding and they can draw out gold from the Treasury as effectually as if you leave every one of them outstanding. And yet, Mr. Chairman, even in the beginning this bill did not remedy this difficulty, and the amendment proposed, which allows the national banks to go on under their present charters so that they need not reorganize and deposit this money, takes away the excuse upon which the bill was first brought in. At this time there is no excuse for it. There is no excuse for this bill unless it can remedy the Treasury difficulty complained of. But if the real difficulty was what some gentlemen say it is, there has been a remedy proposed in keeping with the gold-standard idea. There is one thing about this debate which has gratified me, that is, that some of the advocates of this plan—perhaps not in detail, but generally—have been frank enough to meet the issue squarely and tell us just what they want.

The great difficulty which we have had to contend with in discussing this money question heretofore is that we have been debating with men who were behind masks, and who were pretending friendship to silver, when they could not be relied upon to vote for silver in any form or at any time. But in this discussion some gentlemen have been frank enough, I say, to tell us what they really think, and they have pointed out what they regard as the only measure of relief, and I want the members of this House to realize just what the gold standard means. The gentleman from Connecticut [Mr. SPERRY] who, from his standpoint, discussed this subject with great intelligence, says that you must fund the greenbacks.

Mr. Chairman, that is all you can do. If you want the greenbacks taken up, so that there will be no more of them and no more Treasury notes with which to draw gold out of the Treasury, there is only one thing that you can do, and that is to fund them in bonds, and you may as well accept that conclusion. But I asked two or three gentlemen this question: "Suppose you do that, what are you going to do then? Does that protect the Treasury?" And they answered, "No; we have \$500,000,000 of silver and silver certificates outstanding, and when the greenbacks and the Treasury notes are out of the way, we must then redeem silver in gold, or the same difficulty will confront us that confronts us now." This question was asked of Mr. Jackson, of Boston, who testified before the committee. This is his testimony:

Mr. JOHNSON of Ohio. You want to retire the greenbacks so that there will be no call loans for gold?

Mr. JACKSON. Exactly.

Mr. JOHNSON of Ohio. And then you want to propose a step further—that is, to make every silver dollar or silver certificate redeemable by the Government in gold.

Mr. JACKSON. Every one of them.

Mr. JOHNSON of Ohio. So you would still have to carry gold.

Mr. JACKSON. Yes, sir.

Mr. JOHNSON of Ohio. After destroying the belief of the people in further silver, as you think ought to be done, you think the next step would be to retire greenbacks and finally to retire all the silver in circulation?

Mr. JACKSON. That is it.

Mr. JOHNSON of Ohio. And that is the feeling among the people of New York City?

Mr. JACKSON. I live in Boston, but I should say it is, decidedly.

The gentleman from Connecticut [Mr. SPERRY] told us, toward the conclusion of his very able speech yesterday or the day before, that in his judgment it was not sufficient to fund the greenbacks and Treasury notes in bonds, but that we must fund also a part of our silver in gold bonds.

Now, Mr. Chairman, the members of this Congress might just as well meet this question. Even if the proposed plan would absorb every greenback and Treasury note outstanding, still it would bring no relief. It would require more than a billion and a half of new bank notes to do that, but if it could be done still we would not be any nearer the end. What is the difficulty? The law says:

Upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold and silver coin, at his discretion.

But there is a clause reading as follows:

It being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law.

Now, the present Secretary, and the one preceding him, have construed that to mean that the option really belongs to the note holder, and the same principle has been applied to the greenbacks. Mr. Chairman, I find the English language hardly adequate to express my feelings on that subject. What does that construction mean? Why, there is not a lawyer who would apply such a construction in anything except finance. You construe laws so that they will stand, not so that they will fall; and yet that construction means this: "The option is with the Secretary, but it is the policy of the Government not to allow him to use it." If you construe the last clause so as to take away the option from the Secretary, from the Government, then you construe a part of the law so as to contradict the other part; and no law ought to be construed in that way if there is any other reasonable construction. Now, that construction is the authority of the Treasury Department for paying in gold when it is demanded, and the Government pays in gold simply because the note holder demands it, and the Government is afraid that if it refuses gold will go to a premium.

But when you have taken the greenbacks and Treasury notes out of the way, and men come and present silver, does not that same clause, "it being the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law," apply with as much force? And will they not say that the moment the Government refuses to redeem a silver certificate in gold, gold will go to a premium, and that we will be on a silver basis? I call attention to this in order that members of the House may understand that there is no relief for the Treasury provided in this bill, and would not be if the bill allowed twice as many bank notes to be issued as it does permit. Now, what will bring relief? There is only one remedy for this difficulty, and we must make up our minds either to accept that remedy or follow the gold standard to its legitimate conclusion and issue bonds.

Either the Government has the option, and can exercise it, to pay in silver when it wants to, or we must make all paper redeemable in gold only and abandon the bimetallic standard. I am in favor of the former. I believe in bimetallicism. We find that along in 1878 or 1879, I think it was, a gentleman, afterwards on the Supreme Bench, Mr. Matthews, of Ohio, introduced a resolution declaring it the sense of Congress that the Government had the right to redeem its coin obligations in either gold or silver. The resolution passed, and he was not called a lunatic either. That was the public opinion at that time. Mr. SHERMAN admitted in an interview before one of our committees about that time that the fact that the Government had this option and could exercise it helped him in the resumption of specie payments. If we had the right then, we have it now; and if we have it now, why not exercise it, Mr. Chairman, and not turn over our finances to the control of those who conspire to defeat the purposes of the Government?

The word "conspire" is perhaps strong, but I want to call attention to what is, to my mind, conclusive evidence of conspiracy in the sense of collusion. The members of the House will remember that when we were here discussing, a little more than a year ago, the proposed repeal of the Sherman law, we were told that they were presenting Treasury notes and drawing out gold. I have the report of the Treasurer of the United States on that subject. You remember that we assembled in August, and that the bill repealing the purchasing clause of the Sherman law became a law about the 1st of November.

I find that during the three months, August, September, and October, there was presented in greenbacks \$1,595,861 for redemption, and in Treasury notes \$1,788,480. Now, we have outstanding, speaking approximately, about twice as many greenbacks as we have Treasury notes, and if they had been used promiscuously at that time we would have been called upon to redeem about two

dollars in greenbacks for every dollar in Treasury notes. But that was a time when they were trying to show that the Treasury notes were dangerous; and for those months the Government was required to redeem more Treasury notes than greenbacks. Now, there were two months when the discussion was going on in the Senate—September and October—and for those two months the Treasury notes presented amounted to \$620,115, while the greenbacks amounted to only \$436,104, about one dollar and fifty cents in Treasury notes to every dollar in greenbacks, when the ratio would naturally have been two of greenbacks to one of Treasury notes.

Why was that? I believe it was because the people who wanted that law repealed were bringing those notes for redemption in order to present an "object lesson" before the American people. How is it now? On the 13th, I believe it was, of November the President decided to issue some more bonds; and I think it was on the 14th that the advertisement appeared in the papers. From November 14 down to December 19, both days inclusive, there were drawn out of the Treasury \$31,971,533 in gold; and during that time bonds to the amount of \$33,570,000 only had been delivered. You can see how rapidly we are gaining gold. Between the time of advertising the bonds and the delivery of thirty-eight and a half million of the bonds, they had drawn out about \$32,000,000 in gold with which to pay for them. But what was the proportion of greenbacks? Now, you know the cry is "the greenback must go." Do we find that now the Treasury note is being used more than the greenback? No; beginning with November 14 and ending with December 19 we find that \$30,867,233 in greenbacks has been brought in and only \$1,104,300 in Treasury notes—more than twenty-five dollars to one dollar, whereas the natural order would be only about two to one.

Thus we see that the people who are behind these measures were able to force the Government to the repeal of the Sherman law and stop the Treasury notes by showing how dangerous they were; and now they try to present an "object lesson" on the greenbacks, and offer more than twenty-five dollars in the greenbacks to one dollar in Treasury notes for redemption. Do these figures not show design?

The New York banker is the "honest Iago," the trusted friend, who first whispers suspicion, then manufactures evidence to discredit, and then tries to destroy. These men have it in their power to bring this influence to bear against Government paper, and are they not doing it? Yet, in the face of this conspiracy against the people of the United States, some members of this Congress tell us that the only reply Congress can make to this organized band to assume the attitude of the child Samuel, and say, "Speak! for thy servant heareth." Ah, Mr. Chairman, if in the White House we had the Andrew Jackson who was once there, he would say: "By the Eternal! the rights of the people are dearer than the interests of Wall street!" [Applause.] But it seems that the only reply that the Executive is able to give is: "Whatsoever thou shalt ask of me, I will give it thee, unto the half of my kingdom."

Mr. Chairman, I do not speak in the sense of personal criticism. Men in official position are responsible for their conduct; every act and utterance is a proper subject for discussion. And I ask, is the President, in the measures that he is presenting, regarding the interests of our people on this financial question, or is he shaping his policy to suit the interests, the wishes, and the demands of those who conspire against the credit of the Government and against the welfare of the people?

And, Mr. Chairman, this brings me to the first objection I have to make to this bill; and the objection applies to all bank notes, whether they are issued under State or Federal control. Remember it is the bankers who are asking for this measure. The "Baltimore plan" was proposed by a bankers' association. They ask you to allow them to issue the paper money of the country. Do they ask it because they are interested merely in the public good? Have they no desire for profit? Let me call your attention to the language of Mr. Williams, the president of the Chemical National Bank of New York. He was before the committee advocating the funding of the greenbacks into 3 per cent bonds. He said:

United States bonds bearing a rate of interest not over 3 per cent—and my idea would be that a 3 per cent bond would be the most advisable to issue, as it would never go below par—and that these bonds should be received as security for circulating notes of national banks on a basis of par for the bonds, the Government having a first lien also on the assets of the banks as additional security. No further margin need be required, as the security would be ample. These notes should be redeemable in the city of New York, and when issued in sufficient volume and being readily convertible would furnish adequate elasticity to the currency, which is so much desired, but in no event should be made subordinate to that of security.

Now note:

The tax on the circulation of national banks should at once be removed, and it will be readily seen that with a 3 per cent bond at par and no tax to be paid on the circulation there will be some inducement for national banks as a matter of profit to take out circulating notes.

Mr. Chairman, I assert as my honest conviction that the only reason why the national banks desire to issue paper money at all

is because of the profit to be derived from it. No person in committee or elsewhere has suggested that they would ever issue a note unless there was profit in it. So it is a mere proposition presented here, shall we make the issue of notes profitable to the banks, or, in other words, shall we make it profitable for them to issue money at all?

Now, you may call it what you like, Mr. Chairman, but, stripped of all its verbiage, the proposition to allow banks to issue money is equivalent to a proposition that the Government shall loan money to the banks at a low rate of interest, or, as Mr. Williams suggests, at no interest at all, and let them reloan it at whatever rate of interest they can secure. I insist that there is no difference in principle between the national banking system as now existing, between the banking systems as proposed by this bill, between the system proposed by Mr. Williams, between any of these plans, and the subtreasury plan proposed by some of the farmers. The principles are identical. It is only a question of security and to whom we shall loan.

Mr. Chairman, if I had no other reason for opposing this bill I would be opposed to it because it says, in substance, to the farmers and to others, "You can not borrow money from the Government at 1 per cent or at 1½ per cent or at any per cent, but we will loan to the banker in your community at a nominal rate, and he will loan to you at 8 or 10 per cent or at whatever he is able to collect." I say, if there was nothing else objectionable in the bill, that objection alone would, to my mind, be insurmountable and condemn the whole proposition.

Men talk of the preservation of law and order—

Mr. BLACK of Illinois. Will the gentleman yield to me for an inquiry?

Mr. BRYAN. With pleasure.

Mr. BLACK of Illinois. Is it not true that the farmer, by taking position with other farmers or financiers, can, and very frequently does, become a stockholder in national banks?

Mr. BRYAN. Yes, sir.

Mr. BLACK of Illinois. So there is nothing against the farmer having this power—nothing to prevent him having it the same as anyone else?

Mr. BRYAN. Nothing at all if he will go into the banking business.

Mr. PENCE. But not as a farmer, only as a banker.

Mr. BRYAN. I have heard before the argument suggested by the inquiry of the gentleman from Illinois, and it would justify a subsidy to lawyers, on the theory that everybody can become a lawyer if he wants to. It would justify a subsidy to any other class of people on the ground that anybody can go into that business.

Mr. WILLIAMS of Mississippi. May I ask the gentleman a question?

Mr. BRYAN. Certainly.

Mr. WILLIAMS of Mississippi. Will the gentleman from Nebraska please explain clearly to the House how he identifies the exercise of the natural right, inherent in any natural or incorporated person, to issue his promissory note to anybody who chooses to take it, with a loan from the Government of the money provided by the people for the support of the Government?

Mr. BRYAN. I am glad the gentleman has asked the question, because it recalls to my mind a point that I had myself overlooked, and I think I can in a word make it so plain to him that he will not ask the question again. If he wants to borrow money he has a right to issue his note, and he has a right to issue it to any person who will take it and let him have the money. But in practice, when he finds a man who will take the note and let him have the money, he finds a man who will make him pay interest upon it. So that the natural right that men have is a right to issue their notes for money and to pay interest on them. But the right which you ask for the bank, on a proposition similar to this, is a right to issue its notes as money and draw interest on them.

Mr. WILLIAMS of Mississippi. Will the gentleman permit me?

Mr. BRYAN. Certainly.

Mr. WILLIAMS of Mississippi. If the gentleman will allow me to say so, he is but obscuring the issue when he makes it a question of interest. The question I asked was based upon my natural right, whether as an individual or a corporation, to issue my promissory note, with or without interest, to anybody who is willing to take it, not invoking the power of the Government to make him take it by a legal tender enactment, but leaving him free to take it as he chooses. The question of interest or no interest cuts no figure at all in the controversy.

Mr. BRYAN. I think the illustration I have given covers the case absolutely, for the tax is equivalent to interest. The bank does not ask the privilege of circulating its notes as other people circulate theirs. Nor does a bank's issue circulate on the credit of the bank, but on the faith of the Government which authorizes and controls the bank. Bank notes are accepted on the supposition that they are safe because the bank is expected to comply with the law, but an individual's note

can only circulate on his own credit. The bank asks the privilege of circulating its notes as money, a right which no individual has, and a right which you would have to give to every individual who would give like security in order to make the law equal in its operation.

Mr. WILLIAMS of Mississippi. If the gentleman will excuse me, I thought, according to his definition of money at any rate, the legal-tender quality was altogether essential. I thought again and again I had understood him to say that was what made money. Then the gentleman says this man wants to circulate his promissory notes as money without the legal-tender quality which would make it, according to the gentleman's definition, money. Is not that the play of Othello with Othello left out?

Mr. BRYAN. Well, Mr. Chairman, I will not discuss with the gentleman the technical meaning of words. I do believe that there ought to be no money except a legal-tender money, and no money except what the Government issues. That is my opinion; but the bank wants to issue a paper to be used as money, to circulate as money, for the profit there is in it to the bank; and I insist that when the bank asks it, it is asking a right which nobody else has, and it is asking of the Government a favoritism which the Government can not afford to show.

Mr. Chairman, we talk of the necessity of suppressing riot, and of quelling mobs. It is necessary. Law and order must be preserved at any price, because there can be no security to life, liberty, or property without law and order; but, Mr. Chairman, when these gentlemen propose the preservation of law and order, by sowing the seeds of discontent, and then bringing the Army near to the cities to suppress the manifestations of discontent, I want to propose a more patriotic plan. I want to propose the only real remedy, namely, that we take away the causes of dissatisfaction and cease to scatter the seeds of discontent.

Favoritism shown by the Government breeds more discontent to-day than all other things combined. The love of justice is the deepest sentiment in the human heart, and just as long as men see that others are treated as they are, they can bear almost any condition. But, sir, when men see that a few are favored and, by special class legislation, are taken out of general conditions and given unfair advantages; when they see these abuses of government, then they begin to feel dissatisfied and to clamor against certain laws, and some even blindly begin to clamor against government itself, confusing the Government with obnoxious laws.

Mr. Chairman, we read in holy writ that when the father of Joseph gave to him a coat of many colors, his brethren hated him because the father had shown his special affection for him; and favoritism to-day breeds discontent among citizens as effectually as it did four thousand years ago among the brethren who kept their flocks in Dothan.

If you put a splinter into the flesh it will fester; nature will try to expel it. If you take it out the wound will heal; but if you keep that splinter there the corruption will spread over the whole system until sometimes life itself is sacrificed.

Let this little splinter be inserted in our political system and others will demand like favoritism. The corruption will spread throughout our body politic, and on every hand we shall see the effects of the vicious principle which we are asked to declare as a right principle in the case of banks.

Mr. Chairman, I believe that if to-day an appropriation were proposed for the spread of smallpox throughout the United States it would be far less dangerous to the people of the country than legislation like this, which takes up a particular class of our people and applies to them a vicious principle, with all the consequences that must necessarily follow from it; because when the smallpox is raging in the country, it is an open and obvious disease, and people may escape from it, but the influence of this pleasant but poisonous principle is such that other people insist upon having it applied to them because it has been applied to somebody else. And therefore, Mr. Chairman, I do not believe that we can afford to give this valuable privilege—because it will not be used unless it is valuable—to a particular class of our people. If the brethren of Joseph complained because his father gave him the insignia of favoritism without his asking, what will be the feeling when this favor is given, not as a voluntary token of parental affection, but because of the demand made by the banks for it, a demand backed up by all the influence which they can bring to bear.

Mr. WILLIAMS of Mississippi. Is not the gentleman from Nebraska perfectly aware of the fact that to-day a great majority of the national banks and other banks of this country are opposing this very identical bill?

Mr. BRYAN. Yes; a great many of them are.

Mr. WILLIAMS of Mississippi. Then why does the gentleman say—

Mr. BRYAN. I intend to speak of that in a moment, and perhaps I may as well take it up now, as the gentleman has called attention to it. The second objection which I have to this bill is that the moment you vest in a private individual or corporation

a particular or valuable right or privilege you make him or it the enemy of any law that seeks to take away the privilege. Of course the national banks will object to any law which they do not think as good as the one they have; and there is a special reason why they may object at this time to this bill; they may think that by waiting until next year, when the Republicans have a large majority in Congress, they can get a better bill than they can get now. That is one reason why the national banks may object to this particular bill at this time.

Mr. WILLIAMS of Mississippi. Did I understand the gentleman from Nebraska a moment ago to say that we did not give them that as a voluntary act, but on their demand?

Mr. BRYAN. I am not speaking of this particular bill, but of the right to issue paper money. And I want to call attention, Mr. Chairman, to the difference between the principle enunciated by the first Democratic President and the principle enunciated by the last Democratic President. Mr. Jefferson gave this advice in 1819: "Interdict forever to both the State and National Governments the power of establishing any paper banks."

Mr. Jefferson's idea was to annihilate every form of bank paper and to prevent its ever being revived. Mr. Cleveland on the other hand says in his message sent to Congress at the beginning of this session: "The absolute divorcement of the Government from the business of banking is the ideal relationship of the Government to the circulation of the currency of the country." Mr. Cleveland thinks that the issue of paper money is a function of the banks and that the Government ought to go out of the banking business.

Mr. BLACK of Georgia. Will the gentleman permit me?

Mr. BRYAN. In a moment. Mr. Jefferson thought that the issue of paper money was more properly a function of the Government, and that the banks ought to go out of the governing business; and I am not ashamed to say that I would rather stand with Thomas Jefferson and drive the banks out of the governing business than to stand with Grover Cleveland and drive the Government out of the business of issuing paper money. [Applause.]

Now, Mr. Chairman, when I say that banks will attempt to prevent any legislation hostile to them, I do not say that they are worse than others. In all our legislation we must remember that people are human, that men are much alike, and that they are very apt to look after their own interests rather than the interest of somebody else. It is not strange that when you have given to the banks a valuable privilege they will try to prevent that privilege from being taken away from them.

Mr. BLACK of Georgia. Did Mr. Jefferson favor the issue of paper money by the Government—

Mr. BRYAN. Yes, sir.

Mr. BLACK of Georgia. Except on emergency, and its redemption to be provided for by the revenue of a tax.

Mr. BRYAN. I will quote what he says. The Supreme Court, however, has decided since that Government paper can be made a legal tender.

Mr. BLACK of Georgia. We are not talking about the decision of the Supreme Court, but we are talking about Jefferson. Did he hold the same idea that you have advanced?

Mr. BRYAN. Let me read his idea. I have quoted to you what he said about interdicting to both the State and National Governments the power to establish paper banks. He said he was opposed to paper banks; he even said that he believed they were more dangerous than a standing army, and in that I fully agree with him. I do not believe that a standing army can drive the Government to legislation.

Mr. BLACK of Georgia. Does he—

Mr. BRYAN. Wait a minute. If the gentleman will pardon me, I will reach that point directly. I do not believe that a standing army can menace the Government as much as the association of all our great moneyed interests in favor of or against a particular law. Now, I will read what Mr. Jefferson said—

Mr. BLACK of Georgia. I thought you were taking him as your leader?

Mr. BRYAN. I was quoting his words against paper money issued by banks. Now, I will read what he said about Government paper.

In a letter written from Monticello, June 24, 1813, to John W. Epps, Mr. Jefferson said:

This is equivalent to borrowing that sum, and yet the vendor, receiving payment in a medium as effectual as coin for his purchases or payments, has no claim to interest. And so the nation may continue to issue its bills as far as its wants require and the limits of the circulation will admit. But this, the only resource which the Government could command with certainty, the States have unfortunately fooled away, nay, corruptly alienated to swindlers and shavers, under the cover of private banks. The States should be applied to, to transfer the right of issuing circulating paper to Congress exclusively, in perpetuum, if possible, but during the war at least, with a saving of charter rights.

He wanted the States to confer upon the Federal Government the exclusive right to issue paper money.

Mr. WARNER. Was that a legal tender?

Mr. WILLIAMS of Mississippi. To issue what?

Mr. BLACK of Georgia. He said he wanted the people of the States to transfer that right.

Mr. BRYAN. Yes, sir.

Mr. BLACK of Georgia. But he says that the right resides in the States.

Mr. BRYAN. I am not discussing the right. I am discussing the policy of establishing banks of issue, State or national.

Mr. BLACK of Georgia. We are discussing Mr. Jefferson.

Mr. BRYAN. I am discussing the words which I quoted from Mr. Jefferson.

Mr. BLACK of Georgia. But the gentleman is not discussing the other view. I thought the gentleman took him for a leader, but he seems to only follow upon those positions in which he agrees with Jefferson.

Mr. BRYAN. I hope the gentleman will not expect me to quote everything Mr. Jefferson said on all subjects when I quote him in support of one proposition.

Mr. WARNER. Was that legal tender?

Mr. WILLIAMS of Mississippi. Read the language again.

[Mr. BRYAN read again the language of Jefferson, just given.]

Mr. BRYAN. Now, does the gentleman from Mississippi wish to ask a question?

Mr. WILLIAMS of Mississippi. I merely desired to have the language of Mr. Jefferson read again.

Mr. WARNER. What I want to ask the gentleman is whether he for one moment suggests that those remarks of Jefferson applied to paper having any legal-tender quality whatever, or to any such paper as that which the gentleman is now advocating?

Mr. BRYAN. Mr. Chairman, I have not quoted Jefferson as sustaining the idea of legal-tender paper, nor is it necessary, in order to make the argument good, to find that Mr. Jefferson ever did approve any such idea. I do not know whether he ever advocated or opposed legal-tender paper. I have quoted Mr. Jefferson as against State-bank paper and national-bank paper, and I have quoted him as in favor of the Government exclusively issuing paper to circulate as money. Whether that paper is to be a legal tender or not, is another question on which I shall speak later. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman has twenty minutes remaining.

Mr. SPRINGER. Mr. Chairman, I ask unanimous consent that, if no other gentleman desires to speak this afternoon, the gentleman from Nebraska be allowed to occupy sufficient time to conclude his remarks.

The CHAIRMAN. There is no other speaker on the list for this afternoon.

There was no objection to the request of Mr. SPRINGER.

Mr. BRYAN. I am grateful to the gentleman from Illinois [Mr. SPRINGER] and to the members of the committee for this courtesy. I had not intended to occupy much time this afternoon, because the House has indulged me very generously on former occasions, and also because my argument made on this floor on the 5th of last June covers much of the ground I am now going over. However, the questions which have been asked have occupied a considerable portion of the time which I should otherwise have devoted to the direct discussion of this bill.

Mr. Chairman, I was quoting what Mr. Jefferson said in regard to the danger of these banks. I believe that it is a question which this Congress ought seriously to consider, whether the establishment of these banks of issue, State or national, tends to build up a class hostile to any change, and makes it difficult for the people to withdraw from the experiment if they become tired of it. That is my second objection to any sort of a bank of issue; for, while other people will look after their rights and their interests—and it is proper for people to look after their own rights and to protect their own interests—while other people, I say, as a rule, will oppose any legislation which interferes with their rights or interests, there is no class on earth of its size that can bring such tremendous influence to bear upon legislation as the bankers. For they not only have the power of concentrated capital but they have the leverage of the obligations which they hold, by which they can, if they will, without acting openly, almost coerce those who borrow of them.

But there is another objection. I am opposed to banks of issue, State or national, because I do not believe we can safely give to private corporations the power to control the volume of the paper currency of the country. This bill has for its purpose nothing less than the surrender to the banks of issue of the control of all the paper money to be used—because our silver certificates and gold certificates are not, in one sense, paper money, they are simply certificates of deposit. Now, can that safely be done?

Mr. Chairman, we who believe in the bimetallic idea, and, in fact, nearly all those who believe in metallic money at all, favor it mainly for the reason that the supply in the world is so large, compared with the annual addition—that annual addition being determined by the supply from the mines—as to prevent any sudden expansion or contraction of the currency. That is the main argu-

ment in favor of a metallic currency. That is the reason which makes me believe in metallic money as a base. I believe that if we leave the metallic idea undisturbed by restrictive legislation the volume of currency will be more uniform, and consequently the value of the dollar more stable, than it will be under any other plan.

There is another way in which you can control the currency, namely, by legislation. There are those who believe in what they call irredeemable paper money, to be regulated in volume by legislation. In legislative control there are two difficulties to be met. First, there may be a lack of knowledge on the part of the legislative body as to how much money is needed, a lack of knowledge of the various factors which enter into the supply of and demand for money. Then there is another difficulty. Even if there is great intelligence, infinite intelligence, there must be associated with it absolute impartiality, or else one class will get an advantage over another; and my fear of a money controlled entirely by legislation is that, as one party or faction or influence becomes dominant, and then another, they may increase or decrease the currency, inflating or contracting it; and by so doing change the value of the dollar, change its purchasing power and therefore change the value of all the property owned by all the people who live within the jurisdiction of the Government.

Now that, to my mind, is the danger. And yet, Mr. Chairman, when I am compelled to choose between the regulation of the volume of currency by legislation and regulation of it by banks or other private corporations, I shall without hesitation risk the dangers attendant upon regulation by the Government. The representative of the people is answerable to them. He must act openly. His conduct is known and he is responsible to his constituents. But when that power is given to private individuals or private corporations they exercise it for their profit and not for the public good. Having no more knowledge than the legislators have, they have an unrestrained desire to act so that they will secure the greatest possible advantage. Banks have combined in the past; we know that. Banks can combine again; we know that. Banks will combine in the future whenever they can secure a profit by it. No one can dispute that who will read the testimony of the bankers themselves, for they tell us that we must make the issue profitable. But if they find that by surrendering their paper issues suddenly they can make more profit, are we not bound to believe they will do it?

This must be so if we believe the testimony of the bankers themselves. And this bill not only gives to the banks the power to control the currency, but it takes away every safeguard that the present law provides to prevent the unfair use of that power. The present law provides that the banks can not surrender in the aggregate more than \$3,000,000 in any single month, and that any bank after surrendering any part of its circulation can not take out more for six months. But this bill wipes out those restrictions. More than that. For fear the banks may not be able to act suddenly, this bill provides that the Secretary of the Treasury must keep on hand blank notes, ready to be issued on demand. This bill not only surrenders to the banks the entire control over the currency, but it wipes out every restriction upon the exercise of the power. By this bill we simply say to the banks, "Now you have absolute control of the volume of currency; please be merciful unto us."

Mr. Chairman, I, for one, am not willing to surrender this attribute of sovereignty to national banks nor to State banks nor to any private individuals whatever. I am no more willing to give them the right to contract and expand the currency at will than I am to farm out the right to collect our taxes or to enact penal statutes.

Mr. SPRINGER. Will the gentleman allow me a question?

Mr. BRYAN. With pleasure.

Mr. SPRINGER. The gentleman states that this bill gives to the banks the power to enlarge or contract the currency at their will. Will he tell us how the banks can enlarge the volume of currency unless there are some persons who want to borrow the money—persons who come to the bank and take it out? And how can the banks contract the currency unless some persons come to the banks and pay their debts? How can the currency be expanded unless people who want the money and can use it come to the banks and take it out?

Mr. BRYAN. The gentleman's question is partly pertinent. Under natural conditions what he says is true—that expansion or contraction would depend upon the demand. But, Mr. Chairman, whenever the banks found that they could secure a greater profit by suddenly drawing in the money they had out and presenting it for cancellation I have no doubt they would do it.

Mr. SPRINGER. Under this bill the banks would have no more use for money if the people did not want it than they would for "the fifth wheel to a wagon." You might give the banks a thousand millions of currency, and it would simply lie in their vaults unless persons wanted to use that money and went to the banks and drew it out.

Mr. BRYAN. You can stimulate the use of money by lowering the rate of interest.

Mr. SPRINGER. You want it lowered, do you not?

Mr. BRYAN. I do; but I do not want the banks to hold a string to it. I do not want them to lower the rate of interest at one time and raise it at another, just as they may choose. I do not think you can trust this power to expand and contract the currency to private individuals without danger of abuse—too great a danger for Congress to overlook.

Mr. SPRINGER. The friends of this bill regard the power to expand or contract the currency as one solely with the people, who may or may not need money in the transaction of their business. The banks themselves can not expand or contract. Only the people who need it, and therefore obtain it from the banks, can expand the currency. When the people do not need money the currency will be contracted by the return of the money to the banks.

Mr. BRYAN. That is doubtless the judgment of those who favor the bill. They believe it will always be profitable for the banks to issue money when it is needed and to take it in when it is not needed; but I am not willing to trust the banks to act upon that theory always. If at any time they find that by going contrary to the theory they can make more money they will do so.

Mr. WILLIAMS of Mississippi. Will the gentleman permit one further interruption, and then I will not trouble him again?

Mr. BRYAN. Certainly.

Mr. WILLIAMS of Mississippi. I suppose the gentleman and I agree about one thing, namely, that the banks and the bankers are controlled entirely by the dictates of self-interest, that there is no philanthropy of any sort in regard to their business management, and that they would not cut off their noses merely to spite their faces. Neither animosity nor philanthropy is paramount in the control of the banking business. We agree on that, I presume?

Mr. BRYAN. Yes.

Mr. WILLIAMS of Mississippi. Then we agree about another thing also, and that is that the market value of money to be loaned, at what we call interest, depends on the law of supply and demand. Now, in view of that, would it not follow that the desire of the bank to utter its notes, based on its self-interest, would in turn be necessarily based on the condition of the loan market as to the demand for loans and the supply of loanable funds? In other words, would not the self-interest of the banker in trying to get the best interest and the highest profit from the conduct of his business make him utter notes when there was a demand for notes, and therefore a higher rate of interest; and is not the converse of that also true, that he would retire the notes when there was a small demand for them and a low rate of interest, and would not that work exactly and automatically in accordance with the demands of business and the interests of the people in connection with it?

Mr. BRYAN. The statement of the gentleman from Mississippi in regard to the law of supply and demand must be taken with a considerable grain of allowance. Where there is a possibility of combination the bankers can, to some extent, avoid the natural law of supply and demand; and, without even conceding the gentleman's premises, whenever the banks find that they can make a greater profit by combining to contract or expand the volume of currency they will unquestionably do it. And, Mr. Chairman, what I fear is these times, when they find it more profitable to hurt the people than at ordinary times—

Mr. WILLIAMS of Mississippi. But would the individual banker so find?

Mr. BRYAN. Well, the banks can act in concert, and they do.

Mr. WILLIAMS of Mississippi. I do not know of a single historical instance of a great number of banks acting in concert in regard to the loaning of money.

Mr. BRYAN. If you will go into any town in this country you will find that the banks agree upon a rate of interest and the hours of opening and closing, possibly the rate of discount, and other things of the same kind in which they act in concert.

Mr. WILLIAMS of Mississippi. I do not mean that the banks in a little village, like the cotton buyers in a little village and the merchants, may not make some combinations for a short time and make a temporary profit thereby, but you assume as the basis of your argument that the entire so-called "money power" of the country, through the banks, may combine to shut off competition. I deny it as a possibility.

Mr. BRYAN. If the gentleman will only go so far as he seems willing to go, and give all the banks of the country power, by increasing or decreasing, in concert, the amount of money that we are to have in circulation in this country, then I think he will find that he has established a very dangerous system.

Mr. WILLIAMS of Mississippi. Not if the actual volume of money is increased.

Mr. BRYAN. But the power to increase would be accompanied by the power to diminish.

Mr. WARNER. If the gentleman will permit me, I understand him to concede, and we all agree, that the extent to which a bank can expand its circulation depends on the extent to which people wish to borrow money at the interest it sees fit to charge. That is correct, is it not?

Mr. BRYAN. With that latter qualification as to the interest they see fit to charge, I should say it was.

Mr. WARNER. And the only way the bank can withdraw the circulation is by raising the interest to such a rate as shall compel people or induce them to bring the money back to the bank instead of keeping it out. Is not that correct?

Mr. BRYAN. Generally speaking, I would say yes.

Mr. WARNER. Then, as I understand it, the only way that a bank can expand or contract its circulation is practically by lowering or raising the interest charged?

Mr. BRYAN. That is the way it is done generally. That is one way. It might draw in its loans and refuse to loan money.

Mr. WARNER. Could it do that without raising the interest charged?

Mr. BRYAN. Yes; it can refuse to loan the money at all.

Mr. WARNER. You mean it can hold the money while it earns nothing?

Mr. BRYAN. Yes.

Mr. WARNER. Then, do you propose by law to prevent a bank, or an individual, or any other owner of money, from loaning it at a low rate of interest if he wants to get the money out, or from refusing to loan it in case he does not consider the security safe, or his interest makes it more profitable to hold the money? Do I understand the gentleman to propose to regulate that by law?

Mr. BRYAN. Mr. Chairman, I am just now proposing to prevent, if I can, a law that gives to the banks more power than they already have. When we propose a law which attempts to regulate them in the manner the gentleman suggests it will be time enough to discuss that question; but I am opposing now a law which would give them any more power over the fortunes of the citizens than they now possess as banks of loan and discount.

Mr. WARNER. Conceding, as I think we all do, and as the gentleman does also, that the only means by which a bank can extend or contract its circulation is by either lowering the rate of interest so as to induce people to take the money, or by raising the rate of interest so as to induce or compel people to bring in the money—my understanding is that under those conditions the gentleman's suggestion is either immaterial or else it must involve an interference by law with the power of banks or individuals either to loan money at a low interest or to refuse to loan money if they do not deem the security sufficient or their interest subserved by doing so.

Mr. BRYAN. Mr. Chairman, I do not think the gentleman's argument is at all pertinent to the subject which I am discussing. I am simply contending against a law which gives to them an additional power which may be exercised with danger to the community.

Mr. WARNER. Does this law give anyone—individual or corporation—more power to raise or to lower interest or to refuse loans than they at present have?

Mr. BRYAN. Not as to the real money they have on hand.

Mr. WARNER. Or to raise or to lower interest so as to make room for or to call back their credit paper?

Mr. BRYAN. It does not limit any powers which they now have.

Mr. WARNER. Does it in any way add to the powers which they now have over the very means which we all agree—yourself among us—are the only ones by which they can expand or contract the currency?

Mr. BRYAN. It does not add to their powers, perhaps, but it gives them greater opportunities for exercising their powers by allowing them to expand or contract the volume of paper money.

Mr. WARNER. Does it give them greater opportunities for exercising their powers except by raising or lowering their interest rate?

Mr. BRYAN. I think the gentleman and I have discussed that question sufficiently. I have already stated that I am not attempting to interfere with the exercise by the banks of their power to loan the real money which they have, but I am opposed to giving them additional power.

Mr. WARNER. Do I understand the gentleman objects to discounts?

Mr. BRYAN. I am not objecting to any bank of loan and discount. I trust I have made myself clear to the gentleman when I say that I am opposed to giving them the extra power of issuing money, or what is called money, of their own, with the power to let it out or to take it in at will.

Mr. WARNER. Are you opposed to letting them charge more or less interest, or to letting them use their own notes as a facility for loaning money to the people?

Mr. BRYAN. Mr. Chairman, I hardly think the gentleman can misunderstand me. I have used as clear language as I can,

and I think we understand each other, even though we do not agree.

Mr. BELL of Texas. If the gentleman from Nebraska will allow me, the gentleman from Mississippi [Mr. WILLIAMS] asked the gentleman from Nebraska if he could call to mind any occasion when there has been a general combination of bankers for the purpose of effecting a decrease of the money in circulation. If the gentleman will allow me, I will call attention to an occasion in 1881 when the funding act was pending, and the bill, as I understand, passed this House fixing the rate of interest on the new bonds at 3 per cent. The bankers went to work and withdrew \$18,000,000 of their circulation, and the threat of what they would do, together with what they had already done, terrified this Congress and the country generally to such an extent that the House surrendered and put the rate of interest at 4 per cent, as was demanded by the banks of the country, and it was predicted that if they did not do so general financial disaster would ensue.

Mr. BLAND. If the gentleman will allow me, I will correct him. The House and Senate had passed the bill, and in the meantime the banks had surrendered some \$18,000,000 or \$20,000,000, and terrified the President into vetoing it.

Mr. BELL of Texas. The gentleman is correct about that. I recollect now that that was the fact.

Mr. WILLIAMS of Mississippi. It is well enough for the gentleman from Nebraska and the gentleman from Texas to go on record historically correct. Mr. Carlisle in his statement before the committee explains that. He says:

I think that provision was inserted in the act of 1882 on account of particular transactions that occurred in 1881 at a time when the refunding bill was pending before Congress, and when a certain section was put into the bill which required national banks thereafter taking out circulation to deposit 3 per cent United States bonds (not disturbing any bonds then on deposit). I think there was an impression throughout the country that the effect of the fifth section of that bill would be to compel national banks to take out of the hands of the United States Treasurer the bonds which they already had there, and to substitute for them 3 per cent bonds; and the consequence was that within thirteen days the banks withdrew \$18,000,000. It was feared that there would be a serious crisis; but the President, Mr. Hayes, vetoed the bill, and the House failed to pass it over the veto. That was, I think, the cause of the insertion of that provision. It was an extraordinary case. It was the case of a clear misapprehension on the part of the banks.

I deny that it was by any combination or any conspiracy any more than when we hear there is going to be a ten-billion-bale cotton crop, on an estimate of that sort we fly to the market as soon as we can to get rid of our cotton while it is up.

Mr. BLAND. If the gentleman will allow me to answer.

Mr. BRYAN. Certainly.

Mr. BLAND. I know Mr. Carlisle makes that statement. The fact is that the bill was pending here for several weeks, and that the banks could not be under any misapprehension about it. They knew all about it, for it was pending here some time, passed the House and Senate, and in order to get a veto they surrendered their circulation.

Mr. WILLIAMS of Mississippi. I will ask the gentleman to allow me to read this language.

Mr. BRYAN. I will ask you to have it written out and I will insert it in my remarks.

Mr. Chairman, I have been interested in this discussion. [Laughter.] It is my opinion that in the summer of 1893 the banks did act in concert to bring influence to bear on Congress. I have in my possession a letter written by a prominent New York banker to one of the banks in my district urging the importance of using influence in favor of unconditional repeal, and I received, just after the passage of the bill, a copy of a letter sent out by a number of financiers in Chicago, headed by a leading banker, to the business men throughout Illinois, asking them on a certain day, the day of the vote, to send telegrams to their Members and Senators "in substance but not exactly as follows." They did not want them to be exactly alike, because there would be so much sameness, but "substantially as follows." And I know that on the day the vote was taken quite a number of the members of this House, as the result of that notice so sent out, did receive telegrams "in substance as follows;" and I remember, and perhaps the House will remember, how yellow the desks looked that day because of the telegrams that were lying on them.

A MEMBER. Like autumn leaves.

Mr. BRYAN. I remember one desk, not very far from me, which was literally covered with these telegrams. [Laughter.] I simply suggest this for the edification of those who may possibly deny that influence was brought to bear.

Mr. WILLIAMS of Mississippi. What was the purport of those telegrams?

Mr. BRYAN. They urged members to vote for the repeal of the Sherman law.

Mr. WILLIAMS of Mississippi. The gentleman will not do me the injustice to imply that I have said the national banks never combined for the purpose of urging a public measure or preventing the passage of a measure. What I said was that there never had been an instance of a successful combination for the purpose of contracting or inflating the currency. That is all.

Mr. BRYAN. Mr. Chairman, I am not able to answer from my own observation, but I point out that these banks can combine, and they can be trusted to do it where they think it is to their interest.

But now, if I may be permitted, I will resume my argument.

Mr. BLAND. I would like to have the gentleman read the speeches of Thomas Benton, where he showed that the power of the United States Bank was used in loaning and refusing loans for the purpose of electing one President over another.

Mr. BRYAN. I think that is a matter of history; and I may say to the gentleman in connection with that, that a banker in my State told me that he thought it was legitimate for a bank to use its loaning power to aid those who were in favor of legislation it favored and against those who were against legislation that it wanted.

The next objection to these banks of issue—

Mr. BELL of Texas. Will you allow me to read this authority now?

Mr. BRYAN. If it is brief.

Mr. BELL of Texas. Mr. Chairman, I want to read this, which is a pretty good authority, in view of the authorities just presented. I now read from a speech made by Mr. Carlisle eleven, twelve, or thirteen years ago. Here is what he said about it:

The two Houses of Congress, representing the aggregate interest of 50,000,000 of people, have, after due deliberation, passed a bill which the banks have chosen to consider obnoxious to them and forthwith—within thirteen days—they have contracted the currency \$18,722,340—

Mr. PENCE. What Carlisle?

Mr. BELL of Texas. John G. Carlisle. [Laughter.] (Continuing reading)—

and precipitated a crisis which would have been disastrous to the country had it not been met by measures which they had no power to prevent. The prompt action of the Secretary of the Treasury in purchasing a large amount of bonds at the city of New York and the course of the Canadian banks in throwing \$7,000,000 or \$8,000,000 of their loanable capital on the market, alone prevented a catastrophe from the effects of which we might not have entirely recovered for many years.

The gentleman says he presented a competent authority awhile ago. He will find from the same authority that they contracted the currency \$18,000,000 in thirteen days. In his statement in this report Mr. Carlisle does not deny that they contracted the currency.

Mr. WILLIAMS of Mississippi. Nor do I deny it; but what Mr. Carlisle says is that the manner in which they came to contract it was, as he thinks, through a misapprehension of the law, they became frightened lest they should not be able to buy the bonds the act required.

Mr. BLAND. Does the gentleman insist that these banks misapprehended the law?

Mr. BRYAN. If the members of the House are willing that this discussion shall proceed I do not object.

Mr. WILLIAMS of Mississippi. Will the gentleman allow me to insert this statement? I will not read it, but will just say what he said was "I do not deny that a contraction took place." Nor do I. Just the same as when the cotton planters will put an immense crop upon the market if they become afraid that the price will go down. The bankers became frightened lest they would not be able to comply with the law, and they surrendered their circulation and retired from business down to the level where they might be able to comply with the law. Now, that is Mr. Carlisle's statement. I do not want Mr. Carlisle to be put in the attitude of saying that they did contract the currency and then having him put in the attitude at another time of saying that they did not contract it.

Mr. BELL of Texas. He gives one reason in this statement, and, according to your statement, in this report gives another.

Mr. BRYAN. Mr. Chairman, I submit here, in conclusion on this branch of the subject, what Mr. Carlisle said in 1878:

According to my view of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation or otherwise from one-third to one-half of the metallic money of the world is the most gigantic crime of this or any other age.

I only read that to show that, in the opinion of Mr. Carlisle, a conspiracy was once formed in this country and in Europe together to destroy one-half of the metallic money of the world; and if the financiers of the whole world can get together, how much easier it is going to be for the financiers of a community or a locality or of a State, or even of the United States.

But now let me take up another point. These notes are objectionable because they are not legal-tender notes. There is no sort of pretense that any legal-tender quality can be given to the notes to be issued under this law, whether they be issued by national banks or by State banks. Mr. Chairman, I, for one, am opposed to any money being in circulation which is not a legal tender for debts. You can not make these bank notes a legal tender—at least it has never been attempted—even though they are the notes of national banks; nor can State-bank notes be made a legal tender.

The result will be that when you have driven out the greenbacks and the Treasury notes and substituted these bank notes

for them the people will be using a money which will pay debts only by "unanimous consent." It will be the opportunity of the shaver. The extremity of the individual will become the opportunity of the man who desires to profit by his misfortunes. Gentlemen refer to the Bank of England notes; they are a legal tender. Gentlemen refer to the notes of the Bank of France; they are a legal tender. So far as I know, there is no money in circulation in France that is not a legal tender. So far as I know, there is no money in circulation in England (except, of course, the subsidiary coins), which is not a legal tender.

Mr. WILLIAMS of Mississippi. The notes of the joint-stock banks of England and the notes of the Scottish banks circulate freely in Great Britain, yet they are not legal tender.

Mr. WARNER. And the notes of the Irish banks also.

Mr. BRYAN. I had reference to the notes of the banks in England, but if necessary I will modify my statement to conform to the suggestions made.

Mr. KILGORE. Is it not a fact that our national-bank-note currency, which passes just as current as the greenback, is not a legal tender?

Mr. BRYAN. Yes, sir.

Mr. KILGORE. Is it not a fact that the greenback currency at one time in its history depreciated 200 or 300 per cent, while at the same time it was a legal tender, was nontaxable, and was fundable in a bond bearing a high rate of interest?

Mr. BRYAN. Yes, sir; it was a partial legal tender.

Mr. KILGORE. Then the legal-tender quality does not keep up a currency?

Mr. BRYAN. I was not discussing that question.

Mr. KILGORE. Well, the legal-tender quality is not essential to the circulation of a currency?

Mr. BRYAN. On that subject, Mr. Chairman, I would like to say that, in my judgment, the reason why the greenback fell below par was that it contained an exception clause and because the Government itself refused to take it. By compelling the payment of Government dues in coin a demand for coin was created and that demand raised the coin to a premium. The greenback, however, was always as good as the national-bank notes. The national-bank note that we now have, while it is not a legal tender, is only a small part of our currency. The bank notes now outstanding amount to only two hundred millions, while we have about five hundred millions of legal-tender paper, and now it is proposed to take away all our legal-tender paper and give us paper money that is not a legal tender. More than that, the bank notes that we now have are guaranteed by the Government, and ordinarily a bank will give you money upon them, because there can not be any possibility of loss. But the bank notes provided for in this bill are not the same kind of bank notes as those we now have. If these notes are good, why not compel the banks themselves to redeem the notes of other banks? You are trying to foist upon the public, notes which the banks themselves discredit by refusing to redeem them, and yet you tell the people that they are good notes and that they ought to accept them.

Mr. WARNER. I desire to ask the gentleman whether he is under the impression that the pending bill repeals that clause of the existing law which makes the notes of national banks acceptable by all other national banks in payment of debts due them?

Mr. BRYAN. I think it does not.

Mr. WARNER. I am sorry that it does not, but in fact it does not.

Mr. BRYAN. What I say is this, that now, because the national-bank notes are necessarily good, being backed by a Government bond, a bank will always give you coin or anything else you want for them. It is not compelled to do so by law. It is compelled to redeem its own notes, but not the notes of other banks. Ordinarily, however, a bank will give you coin for notes of another national bank. But when you change the character of the note and make a note which the banks may not be willing to redeem, you do not know whether you are going to have any inconvenience or not. Gentlemen will remember that during the panic a year ago the banks refused to take drafts drawn on each other, except for collection. And, as to this Canadian currency which we have heard so much about, I find in a pamphlet issued by the Reform Club—which, having reformed the tariff, is now about to reform the currency (laughter)—

Mr. BOEN. Where is that Reform Club located?

Mr. BRYAN. In New York.

Mr. LACEY. Is it going to make as good a job of the currency as it did of the tariff? [Laughter.]

Mr. BRYAN. Well, I was partially satisfied with its work on the tariff, more so than I am with its proposed work on the currency. But I desire to read an extract from the pamphlet on this point:

Therefore the notes of each bank had been accepted without hesitation by all other banks, but the universal laws of exchange prescribed that in certain cases such notes should be only accepted at a discount. For example, the movement of funds being in general from the Maritime Provinces toward Ontario and Quebec, the notes of the Nova Scotia and New Brunswick banks

generally were at a slight discount in Toronto and Montreal, as drafts upon those banks would naturally be. Likewise the notes of Toronto and Montreal banks were usually subject to some discount in the Northwest Provinces.

Now, the Government came in and established central redemption agencies; the banks did not establish them. The Government by law compelled the establishment of these agencies.

Now this bill, as first introduced, provided that the banks should establish agencies where they desired. In its amended form the bill is improved, because it requires the designation of those agencies by the Government. When the bill was first reported the committee had confidence that the banks would, of their own accord, establish a sufficient number of agencies. Yet in Canada, where the banks had the same power, their notes were at a discount at distant points. But if you establish the agencies you can not have them in every town. For instance, if there is an agency at Omaha or Lincoln a man two or three hundred miles distant who holds a note has no assurance that he may not have to pay a discount on that note in order to get it cashed. So that, Mr. Speaker, you simply leave the note holder at the mercy of the man who is furnishing the money which he must have.

Mr. WARNER. As I understand the gentleman, he is fully aware, as I was afraid he was not, that the bill now pending provides additional facilities for redemption, to be prescribed by the Comptroller of the Currency. Now, do I understand him for one moment to suggest that with a law in force, which it is not proposed to change, compelling every national bank throughout the length and breadth of this country to receive this currency as legal tender in payment of any obligation to it either from another bank or from an individual, one dollar of this currency can for a moment go below par, unless the whole system should go to smash?

Mr. BRYAN. Mr. Chairman, I take it for granted that a bank will comply with the law, and I take it for granted that it will do no more than comply with the law unless it wants to do so. And we can not take our experience under the present law and judge from it what will be the experience under the new law. While under a continuation of the law now existing a bank will be compelled to receive this note for debts due it from individuals or banks, yet if a man wants to get money on the note he can not take it to another bank and obtain the money; the bank may simply take it for collection and charge him a discount.

Mr. WARNER. Does the gentleman mean that, with the great volume of our currency continually passing through the banks in payment of loans that they have made, a note receivable by any bank in the United States in payment of any obligation due it, can remain for one moment in any other part of the United States at a discount?

Mr. BRYAN. Yes, sir.

Mr. WARNER. Well, the gentleman is welcome to his opinion.

Mr. BRYAN. In my judgment that is possible, and not only possible but probable, and I think it constitutes one of the dangers of this kind of currency. When you have withdrawn the greenbacks and Treasury notes you have not a dollar that you can pay a debt with. Paper money is all that circulates. People do not want gold and silver to carry around in their pockets. They want the paper representatives of gold and silver. And yet you want to flood the country with a paper currency that you can not pay a debt with and can not draw money on unless you present the paper at the bank which issued it or at a redemption agency.

Now, let me call your attention, Mr. Chairman, to the testimony of Mr. Butler, and I was interested in it because it perhaps gives the origin of one of the popular songs of the present day.

One of the great arguments in favor of a bank currency is that it is an elastic currency; and they tell us it can only be elastic by being a nonlegal-tender currency and not redeemable at all the banks, so that it will always return to the bank issuing it when there is a surplus. That is the argument in favor of an elastic currency—that it is not a legal-tender currency; that when there is no use for it it will always tend to come back to the bank of issue. And in the old wild-cat currency days the banks used to send their currency off as far as they could, so that it would be as long as possible in getting back. Mr. Butler says:

Under every effort we made to keep it out it remained about \$125,000; and even then we used to send it to Ohio and Illinois and Indiana.

But no matter how far it was sent away, or how often, this wild-cat currency would always come back at last, and I think that may be the origin of the song, "And the cat came back." [Laughter.]

Now, that is the idea of some of our financiers as to this money. I do not believe we can afford to substitute for legal-tender money a money which is not legal tender. There is nobody demanding it. The people who use the money are not demanding it. No party is demanding it. No association is demanding it, except the people who want to issue the money. They are the only ones.

Mr. BLACK of Georgia. Let me ask the gentleman if there was not something of a pledge or a demand for it in the Democratic platform on which the gentleman was nominated?

Mr. BRYAN. There was not. There was a demand in the na-

tional platform that we take off the tax on State-bank circulation.

Mr. BLACK of Georgia. Will the gentleman question the fact that the purpose was to allow the State banks to be restored to the rights they enjoyed before that tax was imposed?

Mr. BRYAN. That was the intention, I think, of those who secured the adoption of that plank; but I heard some very eloquent men on this floor say that the reason was because it was an unconstitutional tax.

Mr. BLACK of Georgia. Of course unconstitutional. But the gentleman started out in his address that has been so entertaining and instructive to us, and I quite agree with very much that he has said, with the opening declaration of the obligation of platforms. Now, I wanted to know what he was going to do about that demand of the Democratic party in its platform.

Mr. BRYAN. I think the gentleman is rather straining my language. I said the object of platforms was to put questions before the people so they could choose their servants on them, and I made the point that this currency scheme had never been under public discussion. The platform did not demand the retirement of greenbacks and Treasury notes.

Mr. WILLIAMS of Mississippi. So you do not stand on the Democratic platform?

Mr. BRYAN. So far as that plank is concerned, many men, elected as Democrats, repudiated that plank entirely. I was one of those who voted against taking off the tax before and after the election, and I expect to continue to occupy that position.

Mr. BLACK of Georgia. Then the gentleman is bound by the platform when he chooses to be bound by it, but not otherwise?

Mr. BRYAN. I can not see how the gentleman can put that construction upon what I have said. I think when a man repudiates a plank in advance of election he is not bound by it. That is often done. So far as I am concerned, however, I denounced that plank during the campaign, and, besides, I was nominated before the platform was adopted and on a platform which differed in some respects from the national platform. I consider myself bound by the platform on which I was nominated and elected rather than by the national platform.

But I must not dwell on that. I do not believe, Mr. Chairman, that the notes will be safe under this proposed plan. I do not want to present too long a list of objections to the notes, but I do not believe that they are safe, and let me give you one of the strongest evidences that they are not safe. You know why the substitute took away the danger of assessment? It was because the banks were afraid of the liability under it. Now, if the notes are good without that, the banks were in no danger. If the banks were in danger because of that, then the notes are not good without it. And if the danger of being called upon to make good the losses was so great that banks would refuse to go into the business because of it, I want to ask if the danger is not great enough to make the holders of the notes fearful if the assessment is done away with?

There is no absolute security for paper money unless the Government is back of it. If we are going to have paper money I believe the first essential is that it shall be absolutely good. If we are going to have bank money I believe the best bank money we ever had is the present national-bank money, because it is always good in the hands of the note holders. But the national bank has objectionable features—all the objectionable features, in fact, that banks of issue have on principle. Still it furnishes security for its notes, and this bill now pending does not give security to the notes. You may say that generally they will be good. That is true. Ordinarily they will be good, but you can not make them good enough to meet emergencies.

Let me call your attention to the experience had in Newfoundland quite recently. They had two large banks of issue there which had \$1,200,000 of currency outstanding. These banks recently suspended payment. They were good banks. Things went on smoothly in prosperous times. One declared a 12 per cent dividend last year and the other a 15 per cent dividend. In time of prosperity they prospered; but what was the result when adversity came? Why, the banks suspended payment, the notes became mere merchandise, and I have just noticed in the press dispatches that a government leader has offered a bill providing that the Government shall investigate the matter, find out how much the banks will pay, and then guarantee the notes to that extent so that they will again pass as money, the concluding words of the paragraph being that some are advocating a plan which provides for issuing treasury notes.

Ah, Mr. Chairman, when we come to the time of need private banks of issue are a failure, and the people, after all, must fall back upon the Government. If the Government is good enough to give relief in time of distress, why is it not good enough to furnish in times of prosperity the notes required to meet the needs of business? Why is the greenback, which is so good whenever there is an extremity, so repugnant to every idea of "good bank-

ing" when the time comes that the banker can take something else and make more money out of it?

The State-bank circulation contemplated is not as safe even as the national-bank notes proposed. The bill allows the revival of State banks of issue under certain conditions, but it does not provide for any safety fund. It provides the guaranty fund, but not the safety fund. You have simply the assets of the bank. You say, "If men do not want to take the money they need not do so." That, Mr. Chairman, is not a sufficient answer. We have a law that requires the inspection of banks by Government agents. Why do you not say that if men do not want to deposit in banks they need not do it. We know, Mr. Chairman, that we must inspect and regulate them, because otherwise the people will be imposed upon and advantage be taken of their necessities. And the same argument that justifies a law regulating the rate of interest, the same argument that is behind a law inspecting banks and inspecting scales, etc., is the argument that will compel you to make paper money good before you allow it to circulate. You do not do it with state banks.

I appreciate the contention of these gentlemen who say that the States ought to be allowed to regulate that themselves. But, Mr. Chairman, this money is a matter which affects the whole country. It is a matter which affects one State as much as another. The law now virtually prohibits, not in terms, but in effect, State banks from issuing circulation; and I prefer to let it stay as it is, rather than repeal the law and risk the reestablishment of wild-cat banks.

It is not that every bank would be a wild-cat bank. It may be the majority of them would be good, but Mr. Chairman, the fact that some of them are bad will throw discredit upon all the rest of them, and people will be first negotiating the price of a horse, and then the price of the money that pays for the horse.

But I must not dwell upon that. I believe that this bill lessens the security to depositors. Gentlemen talk about the banks keeping a reserve without any compulsion. They probably would. Good banks would, and you say bad banks will evade it anyhow. Well, men try to evade all good laws; but, Mr. Chairman, I do not think this provision which repeals the necessity for a reserve fund is in the interest of the depositors, or in the interest of the public. Just as soon as there is a threatened panic, the fact that there is no legal reserve required will make people suspicious, and will hasten the run upon that bank.

Mr. PENCE. Will the gentleman permit me?

Mr. BRYAN. Yes, sir.

Mr. PENCE. Is it your understanding that this bill repeals the provision of the national banking act requiring a reserve?

Mr. BRYAN. Yes; this bill does it in so many words.

Mr. PENCE. You are speaking of the substitute?

Mr. BRYAN. Both of them do.

Mr. WARNER. What protection is a reserve to depositors in case of a run, or in case of close times?

Mr. BRYAN. It is just this protection. People differ in timidity. The very timid will go first. If they get their money, that tends to allay the panic, and if there is no legal reserve there they are more apt to start a run in the first place, and if, when they get there they find the money gone, then the bank has to suspend.

Mr. WARNER. I understand that the gentleman admits that in times when money was not tight there was no trouble. Now what I am getting at is, how does the proviso for a reserve afford any additional security whatever for depositors in the time of a run? Is not the reserve comparatively small and paid out to those who first get there?

Mr. BRYAN. Certainly.

Mr. WARNER. Then, how is it any protection to a depositor in the case of a run?

Mr. BRYAN. It is a great protection to have some money there to be paid to the first who come, and stop the panic, rather than to have none there when they come for it. It gives a feeling of confidence which is very important.

Mr. WARNER. Does it give a feeling of confidence to have it understood that the bank is encroaching upon its legal reserve?

Mr. BRYAN. It can only encroach upon its reserve to pay its depositors, but without a law on the subject it can encroach upon its reserve to make loans, and if the desire to loan money and get interest for it is greater than the caution of the officers of the bank the depositors suffer.

Mr. WARNER. Do I understand, then, that a bank can stop a run, or can do anything else than cause a run, by refusing to extend its loans, and thereby compelling the people to get the currency? I appreciate the gentleman's argument as to general times, but I ask him in all candor whether every argument for a reserve in ordinary times does not fail in times of panic, and whether the fact of a reserve is any protection or anything else than a prohibition to the bank from extending loans so as to prevent financial stress and runs upon the bank?

Mr. BRYAN. Well, Mr. Chairman, I have no idea that I will ever be able to entirely agree with the gentleman in opinion; but

my point is this, that if a bank is permitted to loan all its capital and not required to keep any reserve, then as soon as a panic is started the bank will have to draw in its loans and embarrass its borrowers or find its vaults empty.

Mr. WARNER. Will it not have to withdraw those loans if it is not allowed to discount while its reserve is not kept up?

Mr. BRYAN. No, sir. It will have to refuse loans.

Mr. WARNER. If there should be a run on the bank, and it should withdraw its loans, will it not make a greater rush for the currency?

Mr. BRYAN. No, sir. The run would not be as great as it would be without a reserve.

Mr. WARNER. That is the way it looks in our part of the country.

Mr. BRYAN. If its legal reserve is safe it can renew its loans and the gentleman can see how much more danger there is of the panic being extended if the bank must draw in its loans and create a reserve after the panic begins.

Mr. WARNER. But if you refuse to extend loans, does not that cause a greater demand for currency?

Mr. BRYAN. If you have to refuse extension in order to create a reserve you will cause embarrassment, but if you have the legal reserve on hand you can extend loans.

Mr. WARNER. The gentleman's understanding of the law is entirely different from that which we have in our part of the country. The understanding we have of the present law is that it forbids the extension of loans and discounts which might keep money easy and save the cash reserve from being drawn out by depositors in a run.

Mr. BRYAN. Why, certainly, if the reserve falls below the limit.

Mr. WARNER. In other words, whenever there comes a time when the demand for money is such as to bring it down to the reserve line, the proviso for a reserve prevents the bank from extending loans and thereby protecting itself from the run upon its currency.

Mr. BRYAN. I have tried to state my position clearly and have given the reasons which lead me to believe that without a legal reserve depositors are less secure and panics more probable.

And now, let me add, that the security of the depositors is still further lessened by this bill, because the payment of the circulating notes is made a first lien upon all the assets of the bank. Under the present law the bonds are always more than sufficient to redeem the bank notes outstanding, but under the new law, if an officer of the bank runs away with the funds on hand, an amount of notes equal to more than one-half of the capital must be redeemed out of the assets which ought to secure the depositors. The danger to depositors occasioned by this new liability will intensify financial disturbances and invite general panic.

But why particularize further? There is hardly a dangerous financial idea now extant which has not found a place in the bill, and there are several days left in which to supply newly discovered ones by amendment. The presentation of the bill at this time is not only inopportune, but is absolutely without excuse. The measure is half national bank and half State bank, the deformed offspring of two false systems, and has all the faults, weaknesses and frailties that might be expected in the child of such a union.

I said that it was without excuse. I will modify the statement. It is without an excuse which can be boldly declared. There is an excuse for it, but the excuse does not appear in the argument of those who advocate the bill. There is a purpose behind it, but it is not the purpose blazoned upon the banners. The real purpose of the bill is to take another and a long step in the direction of gold monometallism.

When we were considering the repeal of the Sherman law some of the members who voted for that bill did not like it, but they made themselves believe that it would help silver; that it would "clear away the rubbish," as some said, and that we would "get down to the foundation," and on that we would build up bimetalism. There were men in this House who voted for the repeal of the Sherman law under the belief that there would be subsequent affirmative legislation in favor of silver. Some of us tried to convince those members that the influences behind that bill were hostile to the reestablishment of silver. There was never anything in the President's attitude to encourage any man to believe that he intended to do anything toward the rehabilitation of silver, but there were some people who voted for that bill in the vague hope that in some way it would turn out to the advantage of silver; and to-day there are men who are going to vote for this bill who are trying to justify their action on the ground that in some way this bill will redound to the benefit of silver.

I desire to call the attention of any such to a statement made in the New York Evening Post of December 19, this week:

Whatever may be the fate of the Carlisle bill, the movement for currency reform through better banking methods will go on, and it will draw more and more of Mr. Bland's cohorts. Already the newspapers of the mining States have taken the alarm. Some of them say that either the Carlisle bill

or the Baltimore plan, if adopted, will be the "death knell of silver." Yes, gentlemen, the death knell of silver, in the sense that you mean, is already sounded. It was sounded when the attention of the public was drawn to a cheaper and speedier way of supplying the public with the instruments of exchange needed to transact their daily business.

Mr. Chairman, it is my humble judgment that the influences behind this bill are bent on nothing less than the total annihilation of silver as standard money. Notwithstanding the distress and misery already brought upon our people by the appreciation of money; notwithstanding the declaration of all national platforms in favor of bimetalism; notwithstanding the known sentiment of the people in favor of the use of both gold and silver as standard money; notwithstanding the constant contest waged by the agricultural communities in favor of the rehabilitation of the white metal; notwithstanding the recent resolutions of the Federation of Labor in favor of the immediate restoration of the free and unlimited coinage of gold and silver at the present ratio of 16 to 1 without waiting for the aid or consent of any other nation on earth—notwithstanding all these influences, I say, in favor of bimetalism, the money centers present this insolent demand for further legislation in favor of an universal gold standard. I, for one, will not yield to the demand. I will not help to crucify mankind upon a cross of gold. I will not aid them to press down upon the bleeding brow of labor this crown of thorns.

The member who votes for this bill may justify his vote in his own mind and indulge the hope that in some way it will turn out for the benefit of silver, but I warn him that when this bill is disposed of the forces which are pushing it through Congress will never allow any legislation favorable to bimetalism if they can prevent it. It is a part of the gold conspiracy, and like every other act in the conspiracy comes to us in disguise. The demonetization of silver in 1873 was not secured after open discussion. The law was not enacted after the people had passed upon the question. Demonetization was secured then without popular consent, and was hidden in a bill to codify the mint laws. Again, what about the bill of last summer? Had the people gone into the campaign and demanded the unconditional repeal of the Sherman law? No, sir. The same plank of the platform which declared for the repeal of that law declared for the coinage of gold and silver on equal terms without charge for mintage, and you Southern members, most of you at least, took that plank in the platform before your constituents and told them that it meant the restoration of silver. And yet, after a national victory had been won on that platform which declared for the equal treatment of both metals, we assembled here and were told that we must first repeal the Sherman law and that then we could carry out the other part afterwards.

One-half of the work was done, but where is the other half? I insisted at the time that it was not the purpose of those who were behind that repeal bill to restore silver. I, for one, have not been deceived by the events which have followed. But those members of this Congress who voted for the repeal of the Sherman law in the belief that it was going to bring the restoration of silver, what have they seen to justify their hopes? The gentleman from New York [Mr. HENDRIX] stood on this floor and told us that if Congress would pass that repeal bill "within three months" England would be here asking for an international agreement. The bill was passed. Three months passed, and England did not come. Three more months passed, and England did not come. Nine months—more than a year has passed away, and yet England has not asked us for an international agreement.

A year has passed away, and yet the President of the United States has not proposed a single plan for the rehabilitation of silver. A year has passed away, and the President has never intimated a desire or a purpose to help in the restoration of the gold and silver coinage of the Constitution. You can be deceived, gentlemen, if you want to be, but if you are deceived you will deceive yourselves. You can not deceive the people. The evidences of intent are too plain. The great New York daily from which I read tells you that the death knell of silver has already been sounded because there are cheaper substitutes for silver; and yet you expect to join with these gentlemen in getting the substitutes and then hope to fool them about the effect on silver! Do not expect to fool the people who manufacture our financial legislation! They may not know what the public needs, but they know what their own interests demand and what will best suit their purposes, when they propose laws. They may fail in prophesy, they may make excuses which are not good, but they drive straight to their purpose, and that purpose is the annihilation of silver as a standard money of this country.

This bill proposes to create substitutes for money, but what we need is not more substitutes for money but more real money. These physicians are treating symptoms when they ought to be eradicating disease; they are trying to cure a boil when they ought to be purifying the blood. The money question can not be settled by turning over our paper currency to the banks. We might afford temporary relief to the Treasury by coining the seigniorage, redeeming coin obligations in silver when that is more convenient,

and by making it a criminal offense to present greenbacks and Treasury notes for redemption when they are presented for the purpose of forcing an issue of bonds. The first would supply more than \$50,000,000 to meet the deficit, the second would enable the Treasurer to protect the Government from the raids made on the gold reserve by the banks, while the last would apply the same punishment to those who plunder the people in large amounts that we now apply to petty criminals.

It is true that it might be difficult to prove the criminal purpose of those presenting the notes for redemption, but it would be some restraint upon wrongdoers to have the Government declare that those who conspire to lay burdens upon the people for the payment of interest on bonds needed only for investment stand in the same attitude as men who conspire to rob individuals directly. But even these measures, while giving in reality the relief which this bill falsely pretends to give, and far more, would only be a partial remedy. Let us go further and strike at the root of the difficulty by restoring silver to its ancient place, or, if you will not come with us, then have the courage to carry out your idea to its legitimate conclusion. Do not longer deceive the people with shams and makeshifts.

If you favor the continuance of the gold standard, stand up like the gentleman from New York [Mr. WARNER] and the gentleman from Connecticut [Mr. SPERRY] and advocate the funding of all greenbacks and Treasury notes with gold bonds and the redemption of all silver and silver certificates in gold. That is the only alternative. It is either a gold standard, with more bonds and all money convertible into gold on demand, or it is the restoration of the gold and silver coinage of the Constitution. If gold is your god, follow it; but if you shrink from the incalculable evils of an universal gold standard come with us and help in the reestablishment of bimetallicism. To those who are really in favor of the use of both gold and silver, and in favor of other needed reforms, I commend the platform adopted by the Nebraska Democrats in their last State convention, held on September 26, 1894. I quote it in full, for it covers the most important of the pending issues:

We, the rank and file of the Democracy of Nebraska, at last in convention assembled, send greeting to the common people, who constitute the strength of the Democracy of the nation.

We renew our allegiance to the principles taught by Thomas Jefferson and courageously defended by Andrew Jackson, and we demand that the great political problems of the day be solved by the application of these principles to present conditions.

Believing that a public official is a public servant and deserving of praise or censure according to his acts, we commend President Cleveland for his honest and economical administration of the Government and dissent from such of his financial views as are repugnant to the teachings of the fathers and opposed to the welfare of the people.

Believing that "all men are created equal," and that all are alike entitled to the consideration of government, we denounce as unjust and unjustifiable the protective tariff system which, through the instrumentality of class legislation, robs the many for the benefit of the few. We demand a tariff for revenue only, and point to the Wilson bill as it passed the House of Representatives as a reasonable fulfillment of the promises made by the Democratic party in the campaign of 1892. While we do not condone the acts of those Democratic Senators who modified the Wilson bill in the Senate, we accept the bill as it finally passed as the best measure attainable under the circumstances, and as a great improvement over the McKinley law.

We especially approve of the income tax, and favor its retention as a permanent part of our revenue system.

We indorse the language used by Hon. John G. Carlisle in 1873, when he denounced the "conspiracy" to destroy silver money as "the most gigantic crime of this or any other age," and we agree with him that "the consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world." We are not willing to be parties to such a crime, and in order to undo the wrong already done, and to prevent the further appreciation of money, we favor the immediate restoration of the free and unlimited coinage of gold and silver at the present ratio of 16 to 1, without waiting for the aid or consent of any other nation on earth.

We regard the right to issue money as an attribute of sovereignty and believe that all money needed to supplement the gold and silver coinage of the Constitution, and to make the dollar so stable in its purchasing power that it will defraud neither debtor nor creditor, should be issued by the General Government, as the greenbacks were issued; that such money should be redeemable in coin, the Government to exercise the option by redeeming in gold or silver, whichever is most convenient for the Government. We believe that all money issued by the Government, whether gold, silver, or paper, should be made a full legal tender for all debts, public and private, and that no citizen should be permitted to demonetize by contract that which the Government makes money by law.

We are in favor of the election of United States Senators by direct vote of the people, and in case the Senate refuses to allow an amendment which will secure the direct election of Senators we are in favor of calling a convention of States to submit such an amendment for ratification by the States.

We are in favor of a constitutional amendment making the President ineligible for reelection.

We are in favor the operation of the telegraph in connection with the postal system.

We are in favor of a liberal pension policy.

We are in favor of the arbitration of differences between corporate employers and their numerous employees.

We are in favor of the foreclosure, as soon as due, of the liens of the Government against the Union Pacific and other Pacific railroads.

Believing that the duty of the representative is to represent the will and interests of his constituents, we condemn as undemocratic any attempt by caucus dictation to prevent the representative from voicing the sentiments of his people on public questions.

We believe in the right of every individual to worship God according to the dictates of his own conscience, and we condemn as un-American and contrary to the spirit of our institutions any attempt to apply a religious test to the citizen or to the official. We appeal to all Democrats who have been led

into political hostility to the members of any church to remember the principles of religious liberty promulgated by Thomas Jefferson and defended by the party which he organized.

We approve of the maximum-rate bill passed by the last legislature and favor its reenactment if it is declared void by the court on account of irregularities which can be remedied.

The coinage plank announces the position which we must take if we expect to restore silver. We do not ask for the inauguration of any new system, but we ask for the restoration of a coinage system which existed from the beginning of the Government until 1873. We ask that the restoration shall be immediate, because we can not afford to delay for a single day the amelioration of present conditions. We ask that the coinage shall be free and unlimited, because the coinage of gold is free and unlimited and because the bimetallic principle can not be reestablished in any other way. We ask for coinage at the present ratio, because we believe that friendly legislation will restore silver to its former place without changing the ratio and because a change in the ratio, made by increasing the size of the silver dollar, would lessen the number of dollars, appreciate the value of each dollar, add to the burden of all debt, and further depress prices. We ask for independent action by this country, because we can not submit the rights of our people to the action of other nations and because we have vainly waited for twenty years for other nations to help us to help ourselves.

The currency plank presents an idea directly opposed to the idea embodied in the pending measure. This bill looks to the permanent retirement of all Government paper which is payable in coin and the substitution thereof of bank issues. This is the challenge which the President throws down. We meet his demand with a counter demand that all bank notes shall be retired and that all paper money shall be supplied by the Government. I indorse the position taken in the platform of our State convention, and believe it more in harmony with Democratic principles and with the teachings of Jefferson and Jackson than is the new-fangled doctrine which has been borrowed from the Republican party and incorporated in the bill now before us.

The amendment which will be proposed by the gentleman from Missouri [Mr. BLAND] embodies our plan in substance, and I shall gladly support it. It provides for the immediate restoration of the free and unlimited coinage of gold and silver at the ratio of 16 to 1. It provides that the paper money to be issued shall be redeemable in coin and that the Government, not the note holder, shall have the option as to the kind of coin and may pay in whichever is most convenient. The amendment also provides that the money issued shall be a full legal tender. The Supreme Court of the United States has decided that the Government's notes may be made a legal tender, and I believe that legal-tender money is better than any other kind of money. Not only am I in favor of the Government supplying all the paper money needed, but I believe that it can and ought to prevent any private citizen or corporation from setting aside the legal-tender laws by private contract. Why should a citizen be allowed to suspend the operation of a legal-tender law any more than he should a criminal statute or other legislative enactment?

We are sometimes asked why we are not willing to compromise. Our answer is that principles can not be compromised. No compromise has been offered which does not require the abandonment of a principle. Gentlemen plead for harmony, but there can be no harmony between those who adhere to the financial views of Mr. Cleveland and those who adhere to the financial views of Thomas Jefferson. Shall we go with our opponents farther away from bimetallicism because they will not join us in going toward it? Shall we join our opponents in destroying what Government paper we have because they will not join us in securing more Government paper? Shall we join our opponents in establishing new banks of issue because they will not join us in abolishing the ones we now have? Gentlemen say that something must be done. Is it better to do the wrong thing than to do nothing?

If the President is determined to make our financial bondage still more oppressive than it now is, let him carry out his purpose with the aid of a Republican Congress. If we can not relieve the people, we can at least refuse to be responsible for further wrong doing.

We are told that the President will not approve any bill which carries out the pledge of the last national platform in favor of the coinage of gold and silver without discrimination against either metal or charge for mintage, but is that any reason why we should join him in making the restoration of silver more difficult for the Administration which shall succeed him? It is useless to shut our eyes to the division in the Democratic party. We who favor the restoration of silver deplore the division as much as our opponents; but who is to blame? Did not the President ignore the silver Democrats in making up his Cabinet? Has he not ignored them in the distribution of patronage? Has he not refused to counsel with or consider those Democrats who stand by the traditions of the party? Did he not press through Congress with all the power at his command the unconditional repeal of the Sher-

man law, in spite of the earnest protest of nearly half the Democratic members of the two Houses? And did he not join with the Republicans to defeat the seigniorage bill, which was supported by more than two-thirds of the Democratic party?

Did he not oppose the income tax, which a large majority of the Democratic party favored? Has he not in fact joined with the Democrats of the Northeast time and again to defeat the wishes of the Democrats of the South and West? We desire harmony, but we can not purchase it at a sacrifice of principle. We desire to live on friendly terms with Mr. Cleveland and our Eastern brethren, but we can not betray our people or trample upon their welfare in order to do so. If the party is rent in twain let the responsibility rest upon the President and his followers, for no other Democratic President ever tried to fasten a gold standard upon the country or to surrender to the banks the control of our paper currency. Let the fight go on. If this bill is defeated the people will profit by the discussion it has aroused. I have confidence in the honesty, intelligence, and patriotism of the American people, and I have no doubt that their ultimate decision will be right. [Loud applause.]

The Currency.

SPEECH

OF

HON. NICHOLAS NICHOLS COX,
OF TENNESSEE.

Friday, January 8, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8518) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1896, and for other purposes—

Mr. COX said:

Mr. CHAIRMAN: In a discussion of so important a matter I do not think that any character of remarks at all personal or partisan should be indulged in. I do not think that any light will be thrown on the pending bill by charges and countercharges as to the causes of our troubles made by either of the great political parties. We are not now called upon to discuss our errors, only so far as they may disclose a way for substantial and speedy relief. What good can be accomplished by abuse and unfriendly criticisms I am unable to see.

If the honorable gentleman from Pennsylvania [Mr. SIBLEY], who has just spoken, has information, as he says he has, by the confessions of a member of this body that he sold his vote to secure an appointment from the President, and the President bestowed an appointment for a vote, then that member should be exposed and the gentleman have him expelled. I have too much confidence in every member of this body to entertain for a moment such a thought, and too much esteem for any President, without regard to party, to believe that that high officer would be so influenced.

When the gentleman further says that members have had golden locks put on their mouths, ought he not to name them? Is such an insinuation or charge just or proper, when he can name no one, nor prove the guilt of a single man? I speak for myself, that since I have been a member of this House I have never seen or heard anything that cast a suspicion on a single man in this body. Gold will lock the gentleman's mouth, I have no doubt, as soon as it will his equals here and everywhere.

I have my convictions as to the causes of our troubles. They have been stated on this floor in my feeble way. But shall we, as representatives of our people, engage in disputes with each other and refuse to attempt to relieve our constituents. I leave all this behind, and will labor all I can to restore to our country that prosperity it ought to enjoy. I quarrel with no one, and will abuse none.

Our financial officer stands as high in statesmanship as any man. His high reputation will not suffer from a few blasts of words, delivered in spite; and that he is laboring with fidelity to duty in this matter no one doubts, and he is worthy of the highest praise; that he is working for our people, believing his views will help them, no one that knows his efforts questions. He comes to us, he asks us to help him and hold up his hands with the great power confided to us, so that he may, if possible, relieve the people of their distress, and turn in again sunlight on them. Will we do it, or will we leave him unaided and alone?

I speak for myself, and every effort I can make, feeble as it will

be, shall be done to give relief to our business, independence to our Treasury, and prosperity to our people.

The proposed bill is not perfect, and I do not believe any great financial measure can at once be formed. It must be built up with experience and careful thought, and there can be no doubt that apparently just criticism can be made on any plan proposed; but is it not better to try and cure instead of sitting down complaining and doing nothing?

THIS BILL IN CONNECTION WITH THE TREASURY.

We all understand the sad condition our financial system is in as it affects the Government. Our receipts of money are below our expenses, and each day adds to our indebtedness. Now, we believe that this will not last long, but the great cause of this deficiency is not our taxing laws, but the prostration of business. If we can let loose business and permit our people to proceed unrestrained by vicious legislation, it will be but a short time until the receipts of the Government will pay its expenses and more than pay them, and again make the Government absolutely independent of all other financial powers. The banking features of this bill operate more directly on this part of the subject.

The Secretary of the Treasury in his report calls direct and emphatic attention to another great evil that is continually forcing his finance in a most unsatisfactory condition. About five hundred millions of the notes of the Government are out. They are promises to pay money. They are due and owing, and no one contests their validity. The people expect them to be paid whenever presented. They are, so to speak, checks on the Treasury of the United States, and the Secretary is charged by law with their payments. In order to be ready so to do he is charged by law to hold one hundred millions of gold as a pledged fund for the payment of these notes or checks. He is not only charged with the duty of paying them, but when he pays them he must again put out these promises and again pay them when presented; an endless claim and a process of obtaining money from the Treasury regardless of its condition and regardless of the condition of the people, who must in the end furnish the Treasurer with the money to keep up this process.

These notes are remarkable in another respect. They are promises to pay money and are themselves lawful money. Three hundred and forty-six millions of these notes are legal tenders and are as effectual in the discharge of obligations as gold; the remainder of the sum, in effect, occupies exactly the same position. You may in the contract stipulate against receiving them in payment, yet the holder can convert them into gold at his own option.

So you have a legal-tender, lawful money, a debt-paying money, continually draining another legal-tender, debt-paying money from the vaults of the Government at the will of the holder of these notes.

Mr. Chairman, let me call the attention of the House to another important fact connected with these notes. They are the most desirable money we have. They can pay a debt, and can at any time be converted into gold. As a matter of convenience they are more desirable to hold than gold. There is less risk in holding them than gold and they are the great power that at any moment can bring the Treasury to borrowing and begging to obtain gold. They are the great instrument through which speculators in gold, either foreign or home gold gamblers, can empty our vaults regardless of the welfare of every citizen of the United States. These notes were at one time great favorites with our people. But now they are gone from common circulation. You hardly ever see one. They are hoarded and held, always ready to obey the gold gambler and gold speculator.

Look what a ridiculous figure we displayed in borrowing gold. These notes were taken out of their hiding places, presented to the Treasury for gold, and then syndicates and speculators traded with the people as to how much they must have for their gold that had just been drawn from their Treasury. The terms being agreed on, again these notes assume the same functions they had before, and await another opportunity to make another raid.

This proposed legislation is to make these notes the basis of a banking system in place of United States bonds. Each bank operating under this bill is to deposit with the Treasurer 30 per cent of its circulation in these securities, and if necessary use the same for redemption of the notes of the bank if it becomes insolvent. If the plan of the Secretary succeeds it would in a few years dispose of so many of these notes that the remainder could not threaten the Treasury or stand as a menace to its successful operations. I know this is not an extinguishment of the paper, but holds it in check and converts it into a use bonds are now performing, these bonds in no way interrupting the business of the Treasury. Is this not wise in view of what we see every day? No man can manage successfully our financial system so long as five hundred millions of our obligations have a mortgage on every dollar of gold that reaches our vaults, and an interminable mortgage that is never satisfied.

We all recognize something must be done. This great country

can not and ought not to be disturbed in its financial operations by every order for gold that may be sent from other nations, and it is more humiliating that it should be disturbed by money traders and shylocks of our own country.

IS IT PRACTICABLE?

Mr. Chairman, we must not forget that we have to do one of two things. We must get these notes under our control, either by paying them at once, or place them where we can control them without prejudice or wrong to the holders until our condition is such that we can pay and discharge them and then destroy them. No one is so blind as not to recognize the disturbed conditions of our finance and our business. Our revenues will certainly increase if our business is made prosperous. So we are dealing with a state of facts that exist now. Our banking system must be changed in a few years, or abolished, and any delay is dangerous. Now, if we can make this a success, does not the highest sense of duty demand immediate action?

If we decide to raise money and pay the notes, and cancel them when paid, we must first get the money to do so; and this money must be gold, as the construction of law is now. We can get it but one way, and that is to borrow it at the lowest rate of interest possible. We issue our bonds, say, to run for twenty years at even 3 per cent. That increases our bonded indebtedness to the extent of the notes. Assume that they do not exceed four hundred and fifty millions and that the interest is paid quarterly, or even semiannually, you have paid at the end of the twenty years two hundred and seventy millions in interest; more than half the existing notes. You have at the same time reduced your volume of circulation four hundred and fifty millions.

Every year your money becomes less, your debt running, drawing interest on that which at present draws no interest, becoming larger. It does not seem to me you are strengthening your financial standing by going in debt. I am sure it has an opposite effect with an individual. You pay seven hundred and twenty millions for a debt of four hundred and fifty. You must under this plan provide a fund each year to be ready to pay the bonds, thus drawing from the money of the country each year that which the people so much need in their own business; and as you do this you increase the difficulties in obtaining the money to meet these obligations. To my mind there could be but one excuse for such a course as this, and that excuse only should be self-preservation. We are in no such trouble as that.

An objection has been urged that these notes would go to a premium, and could not be procured for banking purposes. While I do not have the least fear of such a result, yet a slight amendment in the bill authorizing the Secretary to accept other lawful money, at his discretion, to bank on, places this point beyond debate.

This system places back into circulation every dollar that is taken out. True, it is not exactly the same character of paper, but it is a paper dollar redeemable in lawful money at the option of the holder—not by the Government, but by the bank that gets the benefits of putting it in circulation. This in no way ever touches the Government so long as redemption by the bank is maintained. There are no bonds bearing interest issued; indeed, the obligations of the Government are lessened when compared with the present system of banking.

But it is argued that the plan is impracticable, for the reason that no one will bank under it. Of course if the scheme can not be put into operation we are where we commenced. It will be a dead statute and no relief obtained. This objection addresses itself to the citizens who wish to bank, and the first question will be as to the profits of the business. If the proposed legislation offers equal opportunities for profits as compared with the present system, and imposes no more obligations or labor, then there will hardly be any objections to entering on the new plan. So far as that branch of the business which relates to depositors, evidently the advantage, if any, is with the new system. I believe however, this will in practice amount substantially to the same, but we can make that safe by amendment.

Now, so far as obtaining and issuing notes as a means of making profits, I think I can clearly show the proposed system is superior, and superior not only to the bank but to the patrons of the bank. If the notes of the bank are regarded as useful in making profits, then the more the bank can get (always assuming they are good) on the amount of money invested, certainly the facilities for profits are greater. The plain reason why banks now do not want to issue their notes is from the fact that it costs the bank too much to get them. Now, this proposed system affords the opportunity to take out circulation that can be used with profit.

This is a mere matter of calculation, and it places in the hands of the bank a fund which can be issued or not as the bank may decide, and relieves it to a great extent from the uncertainties which attach to deposits. The bank is in a certain sense its own depositor. Having this increase of circulation, it can lower its rate of interest. Upon this point I have no fears as to the course of

banks that need more circulation. Just in this connection let me say that this opportunity to banks to obtain circulation, in my judgment, gives birth to a large amount of opposition from the great money centers that have an overabundance of money, as it creates an opposition to them and destroys greatly their monopoly in the use of the circulating medium.

Just here, Mr. Chairman, may I not connect another idea that has been advanced to show how contradictory are the positions of our opponents. This idea is that such an opportunity is given the banks to take out circulation that a ruinous inflation will occur, while the others contend that none will be taken out, as the banks will not accept what is offered. Now, below these conflicting theories lies the truth. No bank that is bound by personal oaths, and with its entire assets and personal liability pledged and bound to redeem its notes at its own counter, will put them in circulation for mere experiment. It will be the demand of its customers that controls this, and when the demand is such that a fair compensation can be realized by the bank in issuing its notes they will go, and when they cease to be remunerative the whole interest of the bank is centered in having them in its vaults.

In this line lies the whole idea of elasticity. The expansion is created by the demands of business, the contraction is from the same identical cause. No combination to make currency scarce or plentiful will ever be made between the banks unless banks are so foolish as to surrender the rights they have to make reasonable profits. That is not likely to occur. Banks are not so sentimental. Each bank looks to its own interest and uses its own opportunities, not for oppression of its customers but for reasonable profits.

As to the expenses in the way of taxation under the proposed system, including the amount to be paid for the safety fund, they are reduced exactly one-half. So again the practicability is demonstrated and currency provided for the great business of a great country.

Mr. Chairman, if I have been able to demonstrate the great advantages and good that will result to the Government, then that good is for the whole people and all alike receive the benefits. If I have been able to show that a legitimate banking business can and will be conducted under the proposed legislation, not only conferring great benefits to all the people, but benefits in localities where most needed, then my support of the measure is free and cordial.

There remains, however, another recommendation that is to me of great value, not only as it affects the Government in its finance, but as it affects the people in their business—that every bank shall redeem its own notes in lawful money, without the intervention of the Government. The notes of a corporation should not be more sacred than those of an individual. This certainly is true when the corporation has the valuable franchise of using its notes as money. It thus far alienates the Government from banking, and draws it that much nearer to its proper functions. It forces each bank to preserve its own financial character, and at the same time gives to it the power to enlarge its issue as needed, or contract when not needed, being responsible directly and immediately to its own customers in its own locality. The Secretary with great force emphasized this very important departure from the present system.

SOME OBJECTIONS ANSWERED.

I am met by the proposition that this proposed measure is not democratic and is a perpetuation of the national-bank system. I do not hesitate to say that if this was a system being proposed for the first time I should not support it. But that is not the question before us. We have a system that in vital points has proved defective. Banking has become so interwoven in our business that you can as easily dispense with railroads as banks, and certainly it is more important to cure defects within our reach than to complain about matters we can not remedy.

What are you going to do? You can not destroy the system. You can not satisfy our people by sitting quietly down and doing nothing. Our promises are made, our duty is plain, and I appeal to my party friends to redeem their promises, exert their talents, and be a living, moving power, capable to legislate and brave enough to execute. [Applause.]

And another objection is that the depositor is deprived of certain securities which he now has under existing law. I admit there is force on this point; but that can easily be remedied by an amendment that does not in the least destroy the symmetry of the bill, and I see no reason why we should not go forward and perfect the bill, instead of trying to destroy it, and in our vote say we will not even consider this most important and vital subject. If we shall decide that we will have nothing to do with it, may not our constituents very well decide that they will have nothing to do with us? Is nonaction to be our course, and allow the opportunity presented to us to pass? Is our party so utterly unconscious of our obligations as to become dead to the demands of our constituents? I hope not.

This brings me to the other subject embraced in this bill, and to my mind one of the most important features connected with it.

STATE BANKS.

At the last session of Congress this subject went under thorough discussion, and the House indulged me then in a discussion of the proposition to such an extent that I do not now wish to take but a short time in reference to this matter. The proposition now by this bill is materially changed from what it was. This bill recognizes the authority of the Government to exercise its taxing power on State-bank circulation, and limits such taxing power to the exercise of the same on certain conditions. It will be conceded readily that if the power exists, then the same may be exercised or not upon the compliance or noncompliance with certain limitations and restrictions named in the law. These limitations can certainly be prescribed, if it is conceded the general power exists. The greater includes the smaller. These limitations have but one object in view and that is to make certain the redemption of the notes issued by State organizations. Their solvency is assured by the restrictions interposed and their final redemption in lawful money rendered certain.

Thirty per cent of their circulation must be deposited in legal-tender notes, just as is provided for national banks. A first lien is also given on the assets of the bank, to make sure their notes, and then the liability of stockholders equivalent to their stock is also secured. These conditions precede the issuance of any notes, and must affirmatively appear before the tax can be released.

Not a single gentleman who was examined before the committee but admitted that no danger could arise as to the ultimate or speedy redemption of such notes, some of these gentlemen stating that more security for the redemption of the notes was required than necessary.

It will be seen that these limitations and restrictions are prescribed before the bank can issue a note. And the Secretary of the Treasury and Comptroller of the Currency ascertain and officially announce that the bank has placed itself in a position to be excused and liberated from the tax on its circulating notes.

After the bank has issued its notes the restrictions of the Government are not removed, but are held to force the bank to keep good its notes. If it should fraudulently attempt to put in circulation more notes than it had authority to issue, the tax attaches to the whole, and would in its enforcement close the bank. If it should permit its capital stock to become impaired it must make it good in thirty days or its doors are closed by collecting the tax. While there is no examiner of these banks appointed by the Government to inspect them, yet there is an inspection, and a most effective one, in the United States officer engaged in collecting the taxes. The same power is at work that seizes the unlawful distillery, that watches and collects the income tax and the various taxes due to the Government. No man or set of men with any business sense would ever undertake to violate the law and their oaths, with a certainty of detection, for an experiment that could not possibly be of any benefit to them.

But anyone who speaks against these banks brings up the state of things that existed before the war, and it seems to frighten men, and they charge we are trying to rush in on a currency system that would be utterly unreliable. They seem to think that whatever progress we have made in other matters, we have been at a standstill in regard to finance and banking. They couple this with the statement that forty-four States could have a circulation based on different securities and the holder of the notes subject to all kinds of troubles and loss in regard to the same.

There is no such scheme proposed. All these banks are under the same restrictions. All must provide the same securities for its notes. All are subject to same inspection and are at all times under the eye of taxing power of the Government. But outside of these safety guards there are others more effectual and can not be evaded. Last May I had the honor to address the House directly on this question, and I here repeat what I said then on this point:

"There has never existed in the United States a state of facts and circumstances like the present when State-bank paper was in circulation. It is well remembered that before the war there was no paper circulation but State bank paper, and its redemption was based on gold and silver. At present if loose legislation or bad management in the bank was undertaken—and it may be—the notes of such institutions would never pass over its own counters. They must be regarded as good and stable as national-bank notes or Treasury notes. They will have to circulate side by side with them, and the moment they are treated as of less value they can never leave the vaults of the bank, or if by chance they have left the home bank and gone into circulation, and they go below the national currency, immediately they will be returned for redemption.

"This plain truth will be known to every business man that attempts to put into circulation State-bank notes. Here recognizes at the very outset that these notes are worthless to the bank unless good and solvent and as good as the notes they have to come into

competition with. He further knows that unless their character is fully maintained equivalent to the national currency his bank will have to redeem them in money which is as good. No legislative restrictions could possibly be so effective, and the bank issuing notes must occupy the position of utter indifference as to the use of the State circulation or national circulation, and accept one as readily as the other. So whatever may be the legislation of the States, here is found a law absolutely certain in its results and restraints.

"But let me extend this idea further, and we can see at once the effective and certain check on the circulation of bad paper.

"There are in the United States 3,781 national banks, including all the State banking institutions of different characters, of which there are 5,685, a total of 9,466 banks, one bank to every 7,000 inhabitants. I do not suppose there is one of these banks, at least very few, that is not on some line of transportation, either rail or water. I do not suppose that there is a single one that does not have telegraph communications. Compare this for a moment with the conditions that existed in 1840 to 1856, when unsound and worthless banks existed. It was in this period the greatest disaster resulted from bad bank circulation. If any State institution was to become a bank of issue, each one would at this time operate as a check on the other; if ever the circulation of a bank was refused at one of these institutions it would drive that circulation home for redemption.

"Nearly 4,000 national banks doing business with these institutions, with a circulation beyond dispute, would never permit unsafe currency to float for a day. It is well understood the immensity of business done by checks and drafts. Would any bank, State or national, ever receive a dollar of doubtful currency and give to the owner a credit upon which he could demand legal-tender money?

"Would any solvent bank to-day become a debtor by accepting a check of another unless the bank knew the check to be absolutely good? Certainly not. Now, these notes issued are but the checks of the banks on themselves, and we all remember what great relief was obtained in our financial troubles by the use of certified checks issued by banks, drawn on their own institutions.

"But I have no reason to assume that any State legislature will license institutions to cheat and steal. It would be just as reasonable to presume Congress would do such a thing. The welfare of every State is substantially in the hands of its legislature, and if one legislature should by careless laws permit bad banking, if such could be done, in issuing bad paper, then that State would be the sufferer, and certainly Congress is not the guardian of State legislatures. But, Mr. Chairman, this idea of States permitting the issuing of bad currency is based on the idea of ignorance in the legislators and the people. It assumes that experience in finance, experience in banking, the facilities of communications, and all these combined have taught us nothing."

In the financial troubles we are in, and have been for some time, the per cent of failures between the two systems shows the State banks in advance in solvency.

Mr. Chairman, there is in the opposition to this system, when carefully scrutinized, somewhat of a selfish motive. No State can force its notes on anyone. No one need take them that does not want them, and everybody can thoroughly protect himself. Then where is the legal authority or the justice that confers on representatives of one State the power to manage the local concerns of another State? If Texas is willing to permit her people in an organization created by her law to use their credit with the other citizen, then why should Maine say no, although it may not even affect a single citizen of Maine? Surely it can not unless such a citizen permits it at his own choice.

That the national system has not been adequate and sufficient is demonstrated by the large number of these State institutions. And they have in a great degree located themselves in the rural districts and smaller towns, rendering excellent service. If they have been of universal benefit, how much more would their usefulness be increased if their opportunities were enlarged?

The great cities and great manufacturing centers need large banks and large capital. The necessity does not arise for such large institutions in the agricultural districts or smaller towns, but their needs, so far as they extend, are to them as imperative as the greater industries. It is the car load of wheat, hogs, corn, etc., that make up the great distributing centers. Will you permit them to utilize what they have in legitimate and honorable business, or circumscribe their advantages, and year after year drive them to the great money centers to obtain money at fearful and ruinous rates of interest?

Your system has them by the throat, and you refuse to release them or permit them to escape from a system that is a disgrace to justice.

Turn our intelligence loose, unfetter it, and let our energy, perseverance, and sound judgment be our guides and the days of idleness will soon disappear. [Applause.]

Pacific Railroads.

SPEECH
OF

HON. HORACE L. MOORE,

OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, January 31, 1895.

On the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned.

Mr. MOORE said:

Mr. SPEAKER: We all know by heart the story of the building of the Pacific railroads. The extravagant bounty of the Government in bonds and land and the enormous greed of the railroad companies are as familiar as a twice-told tale. The aid rendered these roads amounts to almost half a billion of dollars. The exact amount is \$447,729,470.54. This includes the bonds, land grants, and 6 per cent interest on the interest that has been paid on the subsidy bonds by the Government. In the act of July 1, 1862, Congress expressed a purpose "to promote the public interest" by opening the Treasury and granting the public domain to secure the building of a transcontinental railroad, and the companies were trustees created for the purpose of executing this trust. The public interest has been sacrificed at every step, whether we consider the interest of the Government whose bounty built the roads or the public whose patronage has enriched the stockholders.

Thirty years after the inception of this purpose on the part of Congress "to promote the public interest," and after the public had paid the roads \$611,479,448 gross earnings in twenty-three years, we find the immense sums advanced by the Government have all been lost or stolen, the roads bankrupt, and in the hands of receivers. I submit that these trustees have not commended themselves to our favorable consideration.

They had received, up to 1887, from the Government and the patrons of the road, over a billion dollars, and practically all of this has been dissipated with the exception of three hundred and thirty-three and one-half millions paid out for operating the road, as the incumbrances on the roads, exclusive of the lien held by the Government, amount to more than the original cost of the property. Such an administration of a trust has no parallel in the history of the country.

From the very beginning it has been apparent that the enterprise was being conducted solely with a view to defraud the Government and rob the patrons of the road. It should be borne in mind that the patrons of this road were not old and established communities with their streams bridged and roads opened, with their school and court houses built; but they were struggling pioneers, following up the Kansas River and the Platte, driving back the savage, breaking the prairie, and building sod houses as they went, and further on they cleared out the valleys and opened the mines of the mountains. These are the men and women who have been subjected to the merciless pillage of these trustees who have built and operated the Pacific railroads.

The original cost of the roads was \$95,555,347, and the capitalization amounts to \$268,302,462. The stock was watered to the extent of \$172,347,115, and on this the people of Kansas and Nebraska, Colorado, and the other States on the line of the roads to the Pacific Coast have been paying dividends. The shippers along the line of this road have been taxed more than two hundred and forty-eight millions over and above what was required to operate the roads and pay a dividend of 6 per cent per annum on the actual cost of the roads in excess of the amount advanced by the Government.

The method pursued by the trustees of this trust fund is expressed in the following language by Governor Pattison in the minority report of the Pacific Railway Commission, page 19:

Mr. Huntington testified before the Commission that "competition is killing," and that there ought to be only one railroad for the whole country. The aided companies combined with others to tax the communities which they served, and they forced the consuming classes in all sections of the country to contribute to the payment of interest and dividend upon the fictitious capital which they had created. They increased the cost of living. They laid proprietary claim to the traffic of large sections of the country. They squandered millions of their money to "protect" their territorial claims, while expending other millions in encroachments upon the territory claimed by other companies.

They constituted themselves the arbiters of trade. They attempted to dictate the channels that trade should follow and fixed rates of transportation that were extortionate. They charged all that the traffic would bear, and ap-

propriated a share of the profits of every industry by charging the greater part of the difference between the actual cost of production and the price of the article in the market. They discriminated between individuals, between localities, and between articles. They favored particular individuals and companies. They destroyed possible competitors, and they built up particular localities to the injury of other localities, until matters had reached such a pass that no man dared engage in any business in which transportation largely entered without first soliciting and obtaining the permission of a railroad manager. They departed from their legitimate sphere as common carriers and engaged in mining articles for transportation over their own lines. They exerted a terrorism over merchants and over communities, thus interfering with the lawful pursuits of the people. They participated in election contests. By secret cuts and violent and rapid fluctuations in rates they menaced business, paralyzed capital, and retarded investment and development.

It is said that the "unspeakable Turk" has no organized government, but that he has an organized system of brigandage. What but a system of organized brigandage has been the rule of the Pacific Railroad corporations?

The problem asking for solution is this: The advances made by the Government to aid in building the Pacific roads are lost, irretrievably so, and no power on earth can recover any part of that money unless the thieves can be pursued and the property recovered, as it is proposed to do in California. I certainly hope this plan is practicable, and that it will be prosecuted even though the Stanford University is left without one stone upon another.

June 8 Senator HOAR introduced the following resolution:

Resolved, That the Committee on the Judiciary be directed to inquire into the justice and equity of the claim of the United States against the estate of the late Leland Stanford and to report, as soon as may be, whether it be expedient that such claim should be forthwith relinquished and put at rest.

He said:

I maintain that the Government of the United States ought as soon as the proper legislation can be devised and enacted (and I believe in that I shall have the sympathy of both sides of this Chamber), to put this question at rest and to say that, without affecting in the least our claim against others, the devotion of this great sum to the education of the poor of the Pacific Coast, and through that largely of the whole country, shall take immediate effect.

I am reminded that—

"In the corrupted currents of this world,
Offense's gilded hand may shove by justice;
And oft 'tis seen, the wicked prize itself
Buys out the law."

The indications are that it will be so in this case. What an object lesson the Stanford University would be to the enterprising youth of California, what an inspiring theme for the valedictorian. He would give the history of the Central and Western Pacific, the watered stock, the extortionate rates, the pools and deals with the Pacific Mail, and close with an account of the Southern Pacific. And as he swept the massive pile of buildings with an inspiring gesture, he certainly would have an opportunity to use the name of Leland Stanford "to point a moral or to adorn a tale."

I do not believe the people of the great State of California are anxious to have their children educated in a university endowed with a clouded bequest, notwithstanding the solicitude of gentlemen at the other end of the Capitol. As I said, the money is gone, and if it is recovered it must be through the courts and from the guilty parties.

Now, what does this bill propose? Simply this, it proposes to give a new lease of life to these Pacific railway companies. They are to be sent out with a license to plunder the people of the West for fifty years longer, to see if it is possible for them to wring from the sweat and toil of these pioneers a sufficient sum to pay the one hundred millions of prior liens on the roads, and to reimburse the Government for its losses through the peculation of the trustees. In other words, the Government proposes to issue letters of marque and reprisal authorizing this band of brigands to prey upon the commerce of the West for fifty years longer as they have been doing for the thirty years last past. And why? To reimburse the Government for a sum of money of which it has been defrauded by a few men who are known and can be named; who can be sued or arrested any day that the Government sees fit to move in the matter.

In a letter addressed to Mr. REILLY, chairman of the Committee on Pacific Railroads, dated January 28, 1895, Mr. C. P. Huntington says:

Then, again, the money has to come mostly from the people who live along the line—that is, from the local business—as the interstate-commerce law has enabled the Canadian Pacific Railway Company to take most of the through or overland business.

Is this fair? Is it justice? Is it common honesty? This is a vicarious atonement that the West is opposed to. I quote from Governor Pattison, page 17:

The present capitalization and indebtedness of the Union Pacific Railway represents triple the cost of its reproduction. To extend the debt is to place a mortgage upon the earnings and upon the products of the people of Kansas, Nebraska, and Colorado, not only of this but of succeeding generations. Why should the iniquitous results of the Credit Mobilier be made a burdensome exaction upon the generations that come after it? To extend the debt is to perpetuate the extortionate rates of transportation which are now charged by the Union Pacific for the maintenance of its present inflated capitalization. Why should the communities of the great West be forced to pay rates that will perpetuate this enormous burden of fictitious and fraudulent indebtedness?

To continue the Union Pacific in its present condition is to force the territory which is tributary to that line to pay fixed charges of \$5,000,000 per annum exclusive of dividends to stockholders. If that line were capitalized on

a proper basis, the sum of \$4,000,000 would pay interest. To extend the debt, therefore, is to tax the Western people, through high rates, not only to pay interest for fifty years on the Government debt at the rate of at least \$2,000,000 a year, but to pay interest also on the other fictitious capital that is represented in the stocks and bonds of the Union Pacific, at the rate of \$2,000,000 a year additional, or a total of \$4,000,000 a year for fifty years.

Would it not be an abuse of its power for Congress to give more consideration to stockholders who are legatees of a gigantic fraud rather than to the people who are forced to ship over the road, and who have been taxed for eighteen years to sustain that corporation? The whole question resolves itself into a choice of protecting the so-called innocent stockholders, as against the consumers who pay \$20,000,000 a year to the Union Pacific for transportation service.

The people of the West should be freed from the incubus of this enormous load. Eventually the consuming classes and not the stockholders must pay this bill if extension of time be granted, and it will be ruinous to the communities which are dependent on the Union Pacific if they are forced to bear their share of this great burden, while communities on other roads bear only the burdens of moderate capitalization. So long as the Union Pacific Railway Company is forced to carry this debt, enterprise and development along its line will be measurably repressed.

I shall welcome the opportunity to support any legislation looking to the recovery of this money from the guilty, but I protest against a scheme devised to punish the innocent and let the guilty go free. The bill under consideration condones every offense, compounds every felony, and does for all the conspirators what the Senate resolution is intended to accomplish for but one.

What should the Government do? In my opinion, it should foreclose the mortgages and take possession of those roads. I concur in the opinion of Mr. HARRIS, that the Government should take the road, but whether the Government operates it or sells it or leases it, in no case should these companies be given another lease of life to operate the roads capitalized at three times what it would cost to reproduce them. The bill under consideration concludes nothing, it only puts off the day of settlement, and is in my opinion the worst possible course that can be pursued.

The Hawaii Islands.

SPEECH

OF

HON. RICHARD F. PETTIGREW,

OF SOUTH DAKOTA,

IN THE SENATE OF THE UNITED STATES,

Monday, July 2, 1894.

The Senate having under consideration the bill (H. R. 4984) to reduce taxation, to provide revenue for the Government, and for other purposes—

Mr. PETTIGREW said:

Mr. PRESIDENT: I shall detain the Senate but a very few minutes.

It seems to me absurd for the Senator from California and the other advocates of the annexation of the Hawaiian Islands to assert upon this floor that the prevailing opinion concerning the character of the people who inhabit those islands is founded on ignorance. The allegation of a lack of information is generally made by impudence in its effort "to make the worse appear the better reason." Probably the Americans and other white people who have emigrated to the islands are very good people; they are certainly smart and shifty, aggressive, bright, and prosperous. They went there to convert the savages to Christianity.

The first of them was the distinguished Captain Cook. Cook seems to have belonged to the church militant. He had quarreled with everybody in England whom he had anything to do with and went to sea because he could not live any longer on land. He cruised around a good deal, converting people more or less to his way of thinking, and when he struck the Sandwich Islands immediately put in operation his reformatory methods. One of his yawls drifted away from the ship in the night and one of the barbarians picked it up. Captain Cook immediately concluded that the island was inhabited only by thieves, and in order to cure that propensity he immediately stole the king, thus establishing a distinguished precedent for the method adopted by our late minister resident, John L. Stevens. Cook led a body of marines ashore, seized the person of His Majesty, dragged him to the wharf, and there, just before the great revolution was effected, was himself killed by a mob of these inconsiderate savages who preferred their own form of government.

This effort to establish Cook's variety of a republic took place during the American Revolution, and since that unfortunate attempt the work has been steadily going on. A good many other Captain Cooks have landed there, sometimes in the guise of speculators, sometimes under the cloak of missionaries. They have carried thither not only theories of the universe which were novel to the islanders, but cannon, powder, rum, tobacco, opium, and a

series of complicated and odious diseases of which they had never dreamed. The net result of this determined effort of the white man to reform and improve the condition of the natives is that the population has been reduced about three-quarters.

Mr. Charles Nordhoff, who wrote up the Sandwich Islands with a very friendly pen for the New York Herald, says:

In 1832 the islands had a population of 130,315 souls; in 1836 there were but 108,579; in 1840, only 84,165, of whom 1,942 were foreigners; in 1850, 69,800, of whom 3,216 were foreigners; and in 1860, 62,950, of whom 4,194 were foreigners. The native population has decreased over 60 per cent in forty years.

Since 1860 they have still further diminished, and the present population is 90,000, of whom 40,500 are natives and 49,500 are foreigners. It will be noticed that the natives have decreased as the foreigners have increased. The representatives of Christian nations who entered the Sandwich Islands with Captain Cook and his followers have taught some of the natives to read, write, and cipher, and to wear a good deal of unnecessary clothing, which has diminished their power of resistance to disease by relaxing their systems, and have introduced there special and insidious diseases, corrupting the blood and transmitting corruption to the progeny. The touch of the white man since Cook has had the same blighting effect in Honolulu that the touch of the white man since Pizarro has had in Peru.

And now it is seriously proposed to annex this impoverished, degraded people—for they are as impoverished as they are degraded. The missionaries have not only looked out for their morals, but for their property. They long ago succeeded in gaining title to nearly all the land, and now they have captured the Government and set up a Government of their own which has no resemblance whatever to what we call a republic. Under Queen Liliuokalani they had a Limited Monarchy; under Dole they have a Limited Republic—limited to about four men. A republic is adapted only to a people who live between the latitudes of 30° and 55°, where competition is sharp; where work is indispensable to life; where the incessant struggle for existence goes on; where the necessity of defending the home fireside from the depredations of winter makes existence difficult. The Hawaiian Islands lie outside of that shining belt of the earth where the constant fight with nature brings out all that is masterful in man, and where, therefore, he finds himself capable of self-government.

All that a man in the Hawaiian Islands is obliged to do to gain a living is to plant a banana tree and steal a fish line. A republic implies intelligence, education, mutual forbearance, tireless energy, enterprise, tremendous industry, the flowering of the domestic virtues. We must not forget that. A monarchy is the best possible form of government for a people who are not fit for anything better. The natives of the Hawaiian Islands to-day dress in calico nightgowns, and, as when Captain Cook's shadow first cursed that summer land, they sleep in grass huts and lazily live on fish and poi.

In the Hawaiian Islands are found the most contradictory conditions. In a small belt along the coast and in the few low-lying valleys the conditions of life are easy, for the heated air makes clothing unnecessary, and the fertile soil enables all tropical fruits and vegetables to grow almost without the planting; but in all the rest of the islands exists the temperature of our Northern winter. Having an area about as large as Massachusetts, and a population about a quarter as large as that of the city of Washington, these islands are mostly composed of volcanic scoria, about as unadapted to vegetation as so much cast iron. It is the crater of the vastest volcano in the world, desolated with ice and fire, generally either too hot or too cold for human endurance. Nothing which the face of the planet presents to man is more bleak, barren, inhospitable, menacing, and terrible than the tremendous area which constitutes the peak of this mountain of flame. So, while the maintenance of life in the valleys and along the hot coast seems easy, Hawaii presents no more temptation to the enterprising emigrant than Ecuador or the equatorial regions of South America, where the mango matures with ease and man with difficulty.

All who consent to work in the Hawaiian Archipelago are virtually slaves, for they work under the laws of contract labor and can not leave their employer until the contract has expired. The laborer of Honolulu gets 30 cents a day and boards himself out of it. Besides the 40,000 natives there are 50,000 more of the most undesirable people in the world and about the most discouraging material to make a republic of—Chinese, Japanese, Portuguese, Polynesians, and unclassified hordes from the great Micronesian Ocean to the west, unable to read or write, and with little regard either for their own liberty or the liberty of others.

The commissioner of the United States sent out to investigate the causes of the so-called revolution says:

The Portuguese who inhabit the islands amount to 8,602. They have been brought here from time to time from the Madeira and Cape Verde Islands by the Hawaiian Government as laborers on plantations, just as has been done in relation to Chinese, Japanese, Polynesians, etc. They are the most ignorant of all imported laborers, and reported to be very thievish. They are not pure Europeans, but a commingling of many races, especially the negro. They intermarry with the natives and belong to the laboring classes. Very

few of them can read and write. Their children are being taught in the public schools, as all races are. It is wrong to class them as Europeans.

The character of the people of these islands is and must be overwhelmingly Asiatic. Let it not be imagined that the Chinese, Japanese, and Portuguese disappear at the end of their contract term. From the report of the inspector in chief of Japanese immigrants on March 31, 1892, it appears that twenty "lots" of Japanese immigrants have been brought here by the Hawaiian Government, numbering 21,110. Of these 2,517 have returned to Japan; 8,562 having worked out their contract term, remain, and 9,636 are still working out their contract term. More than 75 per cent may be said to locate here permanently.

There are 13,067 Chinamen engaged in various occupations, to wit: 8,763 laborers, 1,479 farmers, 133 fishermen, 74 drivers and teamsters, 564 mechanics, 42 planters and ranchers, 776 merchants and traders, 164 clerks and salesmen, 12 professional men and teachers, and 1,056 in various other occupations.

The number of merchants and traders in the entire country is 1,238. Of this number 776 are Chinamen and 81 are Americans. The largest part of the retail trade seems to be conducted by Chinamen.

The Portuguese population in 1894 amounted to 9,377 and in 1890 to 8,602—a loss of 775. These have been leaving in considerable numbers for the past eighteen months, making their way generally to the United States. In 1890 the males were classified as to occupation thus: Laborers, 2,653; farmers, 136; fishermen, 3; mariners, 10; drivers and teamsters, 63; mechanics, 167; planters and ranchers, 17; merchants and traders, 56; clerks and salesmen, 13; professional men and teachers, 11; other occupations, 123; total, 3,396. On the cane plantations there are of male Portuguese, 277 under contract and 1,651 day laborers.

Of the population in 1892, 20,536 were laborers on sugar-cane plantations, 16,723 being Portuguese, Japanese, and Chinese. Of the whole number 10,991 are contract laborers. The remainder are designated as day laborers. The total number of laborers in the islands by the census of 1890 was 25,466.

In 1890 there were 23,863 male laborers. Of this number 18,728 were Chinese and Japanese. At this period there were 41,073 persons of all occupations. Of this number 24,432 were Chinese and Japanese.

Of the total number of persons in the various avocations of European and American origin, it appears that 1,106 were Americans, 819 British, 618 Germans, 45 French, and 300 Norwegians, making a total of 2,688 persons.

The natives furnished 8,871 persons and the half castes 884. The Hawaiians therefore may be said to have furnished 9,755.

There are 196 persons designated as planters and ranchers. Of this number 18 are Americans, 30 are British, and 6 are Germans. The remainder are principally Japanese, Portuguese, Chinese, and Hawaiians.

There are 5,181 persons designated as farmers. Of these, 3,392 are natives and half-castes and 1,500 are Chinese. These two furnish 4,770, leaving a residue of 402 taken from all other nationalities. Of these, 26 are Americans.

It will be interesting, if not pleasing, to examine the number of the various sexes by nationalities.

The grand total of the population is 89,900. The male population is 58,714; the females are 31,276.

The natives and half-castes furnish 21,449 males and 19,174 females.

The Chinese furnish 14,522 males and 779 females.

The Japanese furnish 10,079 males and 2,281 females.

The Portuguese furnish 4,770 males and 3,832 females.

The American males are 1,238, females 630.

The British males are 882, females 382.

The German males are 729, females 305.

This disparity of the sexes applies to all nationalities, save the native race. The most striking feature is that the Chinese men outnumber the women by more than 18 to 1.

The Japanese men outnumber their women by nearly 5 to 1. In all foreign nationalities the males largely exceed the females in numbers.

The natives and half-castes furnish nearly two-thirds of the women.

There is a very compact statement of the condition of affairs on these islands. It shows that the home, the heart of American institutions, is almost unknown to the people.

But let us see how our self-denying missionary brethren have fared, who have now captured the islands and set up what they call a republic. The commissioner says:

The minister of finance informs me that the taxes paid by Americans and Europeans amount to \$274,516.74; those by the natives, \$71,366.82; half-castes, \$20,868.08; Chinese, \$87,266.10; Japanese, \$67,366.07; other nationalities, \$729.82.

That is, the natives pay only about one-seventh of the taxes, indicating a very small ownership of property. The Commissioner adds:

He also informs me that the acreage on which taxes are paid by various nationalities is: Europeans and Americans, 1,052,492 acres; natives, 257,457 acres; half-castes, 531,545 acres; Chinese, 12,324 acres; Japanese, 200 acres; other nationalities, none.

The surveyor-general reports the crown lands for 1893 as containing 915,288 acres. Of these he reports 94,116 acres available for lease. Of this latter number only 47,000 acres are reported to be good, arable land. He likewise reports the Government land as containing 828,370 acres. He reports these, estimated in 1890, to be worth \$2,128,850. The annual income from them is \$67,636. Of this income \$19,500 is from wharfage and \$7,800 from rent of land with buildings thereon.

The cane and arable land is estimated at 35,150 acres.

It is important here to recall his statement made to the legislature in 1891 in the following language: "Most Government lands at the present time consist of mere remnants left here and there and of the worthless and unsalable portions remaining after the rest had been sold."

So the Europeans and Americans who went to that paradise of indolence for the purpose of converting its people to Christianity have secured a solid title to 1,052,000 acres, while the poor, miserable natives have the remnant, 257,000 acres. Let us hope that the dominant invaders have attended to the souls of the Kanakas, which was the main business of the crusade, for they have certainly paid strict attention to the incidental business by getting possession of three-quarters of the fertile land. And now that they have seized the Government, they ask that the people of the United States shall be taxed \$4,000,000 a year, and the money sent to them to support it—for that is exactly what this bill does.

For some years ago we made a treaty with the people of these islands by which we agreed to admit their products free of duty for an indefinite number of years, but the treaty could be annulled by us on giving one year's notice. My motion is to strike out the provision of this bill which continues this treaty indefinitely and insert a provision giving the one year's notice and annul this treaty. But Senators now say we are morally bound to continue forever to remit duties to the amount of four or five millions a year if we retain Pearl Harbor, although they say they did not so interpret the treaty when it was ratified; but that they understand Secretary Bayard said to the representative of that Government that he so understood the treaty.

Let us see what this treaty has cost us up to the present time.

Statement showing the total values of free and dutiable merchandise imported from the Hawaiian Islands into the United States, distinguishing the values of articles named in the reciprocity treaty, together with the estimated amounts of duty remitted under the provisions of the treaty.

Year ending June 30—	Imports.					Value of articles made free by the treaty.		
	Free of duty.			Dutiable.	Total.	Imported prior to the treaty.	Imported subsequent to the treaty.	Estimated amounts of duty remitted under treaty, a
	Under the reciprocity treaty.	Other free articles.	Total.					
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
1868		6,350	6,350	1,183,041	1,189,400	1,066,101		
1869		7,705	7,705	1,281,079	1,288,784	1,196,443		
1870		7,469	7,469	1,127,254	1,134,723	1,020,006		
1871		32,442	32,442	1,110,802	1,143,244	1,038,641		
1872		52,636	52,636	1,228,197	1,280,833	1,076,705		
1873		186,775	186,775	1,068,286	1,275,061	1,024,928		
1874		176,818	176,818	810,134	986,952	801,358		
1875		168,771	168,771	1,068,420	1,227,191	1,017,451		
1876		192,071	192,071	1,184,610	1,376,681	1,154,348		
1877	2,277,354	108,012	2,385,366	164,969	2,550,335	2,277,354	1,064,225.00	
1878	2,522,254	119,374	2,641,628	37,202	2,678,830	2,522,254	1,029,854.00	
1879	3,112,438	131,550	3,243,988	13,950	3,257,938	3,112,438	1,387,380.00	
1880	4,464,463	101,455	4,565,918	40,526	4,606,444	4,464,463	2,009,090.00	
1881	5,373,077	144,680	5,517,757	15,263	5,533,020	5,373,077	2,604,776.00	
1882	7,475,453	146,237	7,621,690	24,604	7,646,294	7,475,453	3,530,293.00	
1883	8,029,848	166,089	8,195,937	42,524	8,238,461	8,029,848	4,279,975.00	
1884	7,690,216	209,784	7,900,000	25,965	7,925,965	7,690,216	3,307,270.00	
1885	8,611,936	205,131	8,817,067	40,430	8,857,497	8,611,936	4,103,775.00	
1886	9,536,179	205,745	9,741,924	63,783	9,805,707	9,536,179	4,590,282.15	
1887	9,654,048	236,841	9,890,889	29,186	9,920,075	9,654,048	5,224,813.96	
1888	10,818,484	231,554	11,050,038	10,341	11,060,379	10,818,484	5,365,891.62	
1889	12,588,593	244,317	12,832,910	10,830	12,843,740	12,588,593	5,452,381.97	
1890	12,058,557	251,201	12,309,758	4,150	12,313,908	12,058,557	5,049,145.96	
1891	10,749,462	3,116,186	13,865,648	29,949	13,895,597	10,749,462	5,721,061.28	
1892	367,533	7,694,543	8,062,076	13,806	8,075,882	367,533	168,518.25	
1893	349,500	8,738,296	9,087,796	58,911	9,146,707	349,500	169,476.00	
Total								55,004,179.19

a The collector of customs at San Francisco, under date of February 26, 1886, forwards the statement of his appraiser that the polariscopic test of the Hawaiian sugar brought into that port during the fiscal years 1884 and 1885 would average a little above 93°. The estimated duty remitted has therefore been, since 1885, computed, on sugar not above No. 13, at 1.12 cents per pound, which is the equivalent of the polariscopic test above indicated.

Statement showing the quantities and values of molasses and brown sugar imported from the Hawaiian Islands and entered for consumption in the United States; also the estimated amounts of duty remitted.

[Free of duty under reciprocity treaty, act of Congress approved August 15, 1876, which went into effect September 9, 1876.]

Year ending June 30—	Molasses.		Sugar, Dutch standard in color.										Total value of sugar and molasses.	Estimated duties remitted, a
			Above No. 7 and not above No. 10.		Above No. 10 and not above No. 13.		Above No. 13 and not above No. 16.		Above No. 16 and not above No. 20.		Total.			
	Gallons.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Pounds.	Dollars.	Dollars.	Dollars.
1877	138,072	23,500	3,960,804	230,155	11,291,315	714,490	10,183,556	737,525	5,186,406	426,303	30,642,061	2,108,473	2,131,083	966,475.30
1878	87,534	14,449	2,437,920	161,922	10,805,283	757,734	12,227,780	963,550	4,897,345	391,224	30,388,328	2,274,430	2,288,879	989,602.02
1879	96,112	14,936	8,174,140	501,850	16,615,086	1,099,164	15,670,564	1,118,118	1,232,673	92,061	41,093,069	2,811,103	2,826,129	1,266,554.77
1880	111,950	19,835	7,793,349	450,030	28,416,590	1,802,737	23,808,886	1,689,061	1,477,493	106,659	61,556,324	4,135,487	4,155,322	1,681,563.44
1881	198,987	35,037	5,373,005	296,707	28,486,569	1,774,952	43,049,613	2,835,362	4,027,380	232,595	70,909,207	4,927,021	4,962,058	2,427,77.57
1882	152,700	23,256	3,952,806	182,873	53,228,379	3,416,318	44,973,293	3,023,298	2,234,111	157,606	106,181,858	6,918,084	6,943,340	3,134,935.90
1883	238,773	37,493	5,179,726	243,583	55,797,719	3,553,651	50,921,114	3,586,194	2,234,111	157,606	114,132,670	7,340,030	7,377,526	3,554,139.96
1884	163,947	22,964			78,249,503	4,287,730	44,983,790	2,702,792	1,905,297	117,770	125,148,680	7,108,292	7,131,256	2,959,013.93
1885	71,649	9,054			116,365,006	5,490,517	52,193,320	2,654,763	1,093,257	52,885	169,652,783	8,198,144	8,207,198	3,937,047.33
1886	61,127	7,786			135,638,543	6,255,443	57,331,700	2,856,511	762,932	34,873	191,733,173	9,166,326	9,174,612	3,435,091.31
1887	113,574	14,712			157,390,339	6,536,021	60,740,925	2,713,232	159,571	7,098	218,290,835	9,255,351	9,270,083	5,015,390.71
1888	62,583	6,417			209,137,535	9,119,899	25,402,978	1,140,149			228,540,513	10,200,048	10,266,465	5,007,300.02
1889	48,140	6,148			235,445,211	11,641,400	7,879,472	437,028			243,324,683	12,078,518	12,084,666	5,210,049.55
1890	81,443	9,314			217,674,338	11,139,862	6,782,673	409,060			224,457,011	11,549,828	11,559,142	4,804,477.19
1891	76,019	8,550			169,157,107	7,682,749	138,067,900	5,409,975			307,255,016	13,152,562	13,161,274	55,544,150.73
1892	51,139	5,911									262,612,405	7,442,047	7,447,938	(b)
Total														51,336,283.67

a The collector of customs at San Francisco, under date of February 26, 1886, forwards a statement of his appraiser that the polariscopic test of the Hawaiian sugar brought into that port during the fiscal years 1884 and 1885 would average a little above 93°. The estimated duty remitted has therefore since 1883 been computed on sugar not above No. 13, at 2.12 cents per pound, which is the equivalent of the polariscopic test above indicated.

b Duty remitted calculated only to April 1, 1891, when sugar imported from all countries was made free.

These tables shows that we have already remitted more than \$55,000,000 in duties to the Hawaiian people. And gentlemen exhibit their lacerated consciences when besought to do the straight, honest thing by our own people. When the American Government makes a solemn pledge to a farmer of Nebraska, and that farmer, relying upon the sacredness of that pledge, erects his factory upon the prairie, expecting to receive a bounty of 2 cents a pound for fifteen years, these same Senators vote to violate that contract, erase that pledge, without the least shock to their moral sense; but when a few brigands capture the crater of a volcano in the middle of the Pacific, with a worthless population clinging to its sides, and establish thereon a Government without form and void, representing only hypocrisy and rapacity, they stand up on this floor and appeal to "the conscience of the American people!"

Mr. President, I warn these gentlemen that by and by the conscience of the American people will respond. It is possible that some time or other even the sluggish worm of servility will turn. Hot suns foster rebellions even against legitimate governments, and it seems to me tolerably certain that the degraded and pusillanimous Kanaka will ultimately rise in revolution against the handful of insolent usurpers who now domineer over him. When that time comes he will either win for himself a bloody freedom or bind more closely upon his neck the yoke which the missionaries and speculators have combined to fashion, and if we were to annex the islands to the United States at the behest of these rapacious gentlemen who have established their transient tyranny we should inherit the bitterness and have to maintain our dominion by armed force.

Let us see what these people who have control of the archipelago and who have subverted its government think of the people they are undertaking to govern. I hold in my hand a copy of the constitution which these gentlemen got together and adopted. They call it a "Republic." Let us see what kind of a republic it is they have inaugurated. Senators, they have inaugurated the only kind of a republic that can live in such a climate. They have set up the only sort of republic that ever did live in equatorial regions—an aristocratic oligarchy of the most exclusive sort. They have shut out from voting, I think, every single native—in fact, everybody except the foreigners who have gone there and seized the land.

In the first place, Article 23 with regard to the President, says:— is hereby declared to be the President of the Republic of Hawaii, to hold office until and including the 31st day of December, A. D. 1900, and thereafter, until a successor shall have been duly elected and qualified.

I understand they have since filled the blank with the name of the present President, so as to be sure to consolidate their cause, so as to be sure, before they let go the reins of government, to place it beyond possibility that anybody opposed to them shall have property enough to be a voter. Now what do they provide? After 1900 how will they fill the office of President of this so-called Republic?

For the purposes of such election—

For the purpose of electing a President—the Senate and House of Representatives shall sit together.

Now comes the most remarkable and ingenious provision in any written constitution of a Republic under the sun:

The election shall be by ballot, and the person receiving a majority vote of all the elective members to which the Legislature is entitled, which majority

shall include a majority of all the senators, shall be President for the succeeding term; or for the unexpired portion of such term in case no person shall have been elected prior to the first day of such term.

Then the constitution provides that the House shall be composed of 15 members and the Senate of 15 members. Then it confers upon the lower House, to be elected by a sort of popular suffrage the right to sit with the Senate and elect a President. Then it provides, no matter how many votes a candidate may have in the House, that he must have, in order to be elected, a majority of the Senate! Whom were they trying to fool by inviting the House into such a conference? Let us look further. Each of the 15 Senators is required to have this qualification before he can become a member of the Senate. He must—

be the owner, in his own right, of property in the Republic of the value of not less than \$5,000 over and above all incumbrances; or have been in the receipt of a money income of not less than \$1,800 during the year immediately preceding the date of the election, for the proof of which he may be required to produce original accounts of the receipt of such income.

Under this provision no man can be a member of the senate unless he is the possessor of \$5,000 worth of unincumbered property. I understand that since this print was made they have reduced the amount of property he shall own to \$3,000. But I care not whether they have reduced it or not; they would not have done it had they not already filled the blank with the name of the present President and continued his power unquestioned till 1900. They trust to be able by that time to make it safe to let a man in who has \$3,000 worth of property. It is barely possible that one native may be eligible to the senate now, under the provision as they have since changed it. But what further? Who can vote for senators?

In order to be eligible to vote for senators, a person must possess all the qualifications and be subject to all the conditions required by this constitution of voters for representatives, and, in addition thereto, he shall own and be possessed in his own right of property in the Republic of the value of not less than \$3,000 over and above all incumbrances; or shall have actually received a money income of not less than \$900 during the year next preceding the last day of April next preceding the date of each registration; for the proof of which he may be required to produce original accounts of the receipt of such income.

Under such a provision 12,000,000 out of the 13,000,000 voters of this country would be disfranchised from voting for members of this body! Is any further comment necessary in regard to the character of the people of those islands or the character of these usurpers than the constitution? First, the Senate elects the President; second, the inhabitants are excluded from the right to vote for members of the Senate. What is more, the constitution provides for an advisory council—a legislative body outside of the Legislature. It provides that there shall be a council composed of fifteen members, five to be chosen by the Senate, five by the house, and five to be appointed by the President of this so-called Republic. This body composed, then, really at the will of the Senate and the President, has power when the Legislature is not in session to pass any kind of law they choose, to declare war, to appropriate money, and to do anything else that a legislative body can do. The laws thus made continue in force until the last day of the next session of the Legislature, unless repealed by the Legislature; and then, when the Legislature adjourns, this body again convenes and can reenact those laws. This is the Republic that these people flaunt in our face and those are the people whom Senators say are fit to be members of our Federal system!

The judges of the courts, both circuit and supreme, are appointed by the President. Was there ever a more complete oligarchy of

wealth in the world? Can you devise a more complete plutocracy? The \$4,200,000 that you remit in duties to those people is nearly equal to the value of our total exports to those islands. For the purpose of getting them to buy \$4,200,000 worth of goods from us we are going to send the money to them to do it, and then claim we are gainers by the transaction. What humbug and what nonsense!

But, Mr. President, I believe that under the provisions of this treaty, which we can abrogate by giving twelve months' notice, we are still the owners of Pearl Harbor. For my part, I should give back this piece of doubtful property to the Hawaiian people. I do not believe we want it. It seems to me it is an element of perpetual weakness, and I do not see how it can be otherwise regarded. It is 2,000 miles from our coast. It is in the very center of the Pacific Ocean. It does not intercept any line of commerce between the United States and any portion of the globe. For us it does not command a rod of land on earth. The straightest and shortest line from San Francisco to Japan and China runs 2,000 miles north of the Hawaiian Islands.

The shortest line from San Francisco to New Zealand runs 1,000 miles south of them, and even the shortest line to Australia runs 500 miles south. The ship that goes from San Francisco to Honolulu goes for the purpose of visiting that point, and not for the purpose of pausing incidentally on a voyage to any other portion of the planet. There is no coal on the Hawaiian Islands; so, in order to coal there, we first have to transport the fuel from our own shores. After getting it there, it is in one of the most out-of-the-way places on earth. It would be vastly more expedient and profitable to establish a coaling station on one of our own Aleutian Islands south of Bering Sea, for they are within 100 miles of the shortest lines that can be drawn on the surface of the sea between the United States and Hongkong. Not only would the western extremity of our own Republic be the best possible place to establish a coaling station, if we had to carry the coal from Portland and pile it up there, but coal has already been found upon those islands and it could be mined and kept ready very near where it is most needed.

I hold in my hand a map which shows the facts in this case. It is constructed on the lines of Mercator's projection, but the distances are shown as they actually exist upon the surface of the sphere. It shows that our Aleutian Islands are just half way on our road to Japan and China; that they are very near the shortest route that vessels can take, and that they would constitute the best possible stopping place for all commercial purposes whatever. The map further shows (and I shall print an outline of it with my speech in the RECORD) that the Hawaiian Islands are entirely aside and out of the way of the path of our vessels bound for any other land. Not only are the Aleutian Islands nearer to the United States than the Hawaiian Islands are, but they are seven or eight hundred miles nearer to Japan and China. Indeed, if we were to transport our coal to the farthest westward of our Aleutian peninsula we should be within 500 miles of the coast of Asia and 1,500 miles nearer to Yokohama than Honolulu is.

Our steam vessels of every sort now crossing the Pacific do not go to Honolulu, for if they did they would go hundreds or thousands of miles out of their way. This coal is carried to Honolulu from British America, but bituminous coal, probably superior to it, is now being mined in Washington and will probably soon supersede it. But why should we have a coaling station at all at Honolulu? There is already an excellent coaling station at Unalaska, on one of our Aleutian Islands, over 1,000 miles nearer the coast of Asia than Honolulu, and that station is approached through one of the most spacious and finest harbors in the world. Already coal is being mined at various points in Alaska—at Unga Island, at Cape Sabine, at Cape Lisburne, at Herondine Bay, and other places—but that mighty chain of islands extends through 40 degrees of longitude—as far as from New York to San Francisco—and the exploration of their wealth has only just begun.

A reference to the map will show that this purpose will make Unalaska the legitimate and foreordained coaling station for our Navy in the Pacific.

As to our own western coast, what protection would a coaling station at Pearl Harbor offer us? If England should ever attack our Pacific States she will attack them from Vancouver's Island and from her harbors in British America. Could we resist these attacks from Pearl Harbor, 2,000 miles away in the center of the Pacific Ocean? Who would go to the Hawaiian Islands for the purpose of engaging us there? No, Mr. President, in case of war with any naval power on earth Pearl Harbor would immediately become an element of weakness, and the adoption of a strong defensive policy would compel us to abandon it at once, bring our munitions of war and vessels home, and make a defense from our own coast. In case of war, from what point could we attack British commerce in the Pacific? The Canadian Pacific is its natural outlet, and we should attack it from Puget Sound. What

element of strength, then, would this paltry island in the Pacific give us? It would be absolutely worthless, and worse than worthless, from every point of view.

I believe the people of this country will resist with all their power this scheme of territorial aggrandizement, which aims to amalgamate with our hardy, thrifty, active, overcoming race this mass of indolent, filthy, leprous, nerveless savages of the southern seas. Our area is great enough, our climate is varied enough, our population is heterogeneous enough, our vegetation has range enough to give us without inviting new perils a task sufficiently difficult within our own borders in the education and elevation of our own people and in the maintenance of the Republic as it was transmitted to us.

Mr. President, I shall always consider it my duty to enter my protest against the acquisition of territory in the tropics, against adding to our population people who live in a climate which is so warm that civilization and self-government are impossible, believing, as I do, that the decay of the Republic of the past has resulted from the desire for glory and conquest. I am bound by my oath of office, by my duty to the people I represent, to resist this desire to add to our area. Our duty is to enact laws that will increase the happiness of our own people, to enact laws to give every man an equal chance, to control trusts and corporations that they may not control us, to increase the distribution of wealth and intelligence, and thus grow grand as we grow great as a people.

Currency and Cloture.

REMARKS

OF

HON. JOHN S. LITTLE,

OF ARKANSAS.

Wednesday, January 9, 1894.

On the bill (H. R. 8142) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes.

Mr. LITTLE said:

Mr. SPEAKER: As Democrats and friends of free coinage, I think we are entitled at least to have an assurance that we will be entitled to offer a substitute on the lines of bimetallism, and in accordance with the pledges of our party, before we are expected to vote for the proposed cloture. I believe in fair treatment among Democrats. There should be no deception, no attempt to preclude us from voting for such measures as may be proposed to the pending bill, either as substitute or amendment, and while I am unalterably opposed to the pending bill, with the assurance that this privilege will be awarded, I stand ready to vote for the rule. Otherwise, I will not.

I believe it is wise for Democrats who differ to consult and reach an agreement, when it can be done without sacrifice of principle.

The call for the caucus, from which this rule emanated, stated that no one would be bound by its action, and it was so openly and expressly stated in the caucus; and when we vote against the rule because it cuts us off from what we believe to be our rights we only exercise the right enjoyed by every Democrat on this floor.

We are anxious that a vote should be taken on the bill, if the same right is allowed to us who desire to vote for the substitute offered by the gentleman from Missouri [Mr. BLAND], House bill 8292.

Mr. Speaker, I desire to state that, as for myself, if I can not secure the legislation I so much desire—the free coinage of silver—I stand ready to aid in any conservative legislation, on Democratic lines, that will in any measure relieve the distresses of the people, or relieve the Treasury of its present embarrassments. But, Mr. Chairman, I am not ready to surrender either my own principles, the principles of the Democratic party, or the principles of the honest, intelligent Democratic people whom I have the honor to represent on this floor.

If the friends of our own party who press this measure will meet us on conservative Democratic grounds, upon which we can all stand without sacrifice of principle, we will meet you; but if you arrogantly demand our surrender we say: Let the tocsin of conflict be sounded and we will appeal from this House to the great masses of our party at home, whose devotion to country, to their party, and to the Constitution will vindicate us in our course and drive from power those who ignore party pledges and the demands of the people.

Pacific Railroads.

SPEECH

OF

HON. JOSEPH C. SIBLEY,

OF PENNSYLVANIA.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 2, 1895.

On the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned.

Mr. SIBLEY said:

Mr. SPEAKER: In the limited time allotted to me for discussion of the measure under consideration, it will be impossible to enter as I would like into the details, which, taken together, convince me that I shall best serve the interests of the people in support of the bill reported by the committee or substantially the same. I could not if I would discuss this measure in its legal aspects, and desire to approach it only as a business proposition; not as it may affect any corporation, but simply as it affects the people of the nation. Divested of verbiage, the proposition appears to be this: The Government has a second mortgage amounting in round numbers to about \$180,000,000; individual holders have a prior lien upon these properties amounting in round numbers to something more than \$40,000,000, and the proposition made in the bill under discussion is that the company shall pay the first-mortgage bonds, leaving the obligations of the Government as a first lien on the entire property.

The second mortgage held by the Government covers only the main lines of the properties from Omaha to Sacramento, and from Kansas City to a point on the prairies, 370 miles west of Kansas City, not including branches or terminals, which are essentially valuable and necessary in the operation of these lines. The committee demand in this measure that not only the main lines, which are now under the Government second mortgage, shall be covered, but that the first mortgage to be given shall cover all the property and the terminals, as stated in the bill. It is a fact patent to those who have investigated the subject that all the valuable terminals upon the Pacific Slope are controlled by the Southern Pacific, and not by the Central Pacific, though both lines are operated by the single system; and the demands of the Government under this bill are that there shall be nearly double the value of property given as security to the Government, and in lieu of a second mortgage on a portion of the property it shall hold a first mortgage upon the entire property.

I am not here to deny, or even attempt to palliate, any of the offenses which have been charged against those building and formerly operating these systems; but if we can force those people by assessments upon their own stockholders to raise sufficient money to pay off their first-mortgage indebtedness, leaving the Government in possession of a first mortgage, with largely added security which shall insure final payment, this seems to me the part of wisdom, for already foreclosure proceedings have been commenced against these properties by holders of first-mortgage bonds amounting to some \$60,000,000; and if the Government fails to make this settlement it must either lose its entire investment in these lines, amounting to about \$180,000,000, or advance and pay all the first-mortgage bondholders their claims, amounting, in round numbers, to something more than \$60,000,000.

Deducting the sum held in the sinking fund, in round numbers \$15,000,000, it shows that for the Government to become the possessor of the lines, without branches or feeders and without terminals, it must have an investment of at least \$170,000,000 in property, which I firmly believe can be paralleled and duplicated for less than one-half the sum. The Government claim alone upon these roads amounts to about \$32,000 per mile, and with the present value of material used in constructing our railways I am firm in the conviction, from a somewhat intimate knowledge of the property, that the line can be shortened between Omaha and San Francisco by at least 150 miles, probably 200, and constructed for \$25,000 per mile, or less, affording better grades across the Sierras and avoiding the great snows of the northern route. One of the greatest railway managers this nation has produced, Mr. James J. Hill, I am informed, built his line to the Pacific at a cost of \$25,000 per mile. This line, the Great Northern, was completed a year or two ago, and certainly both labor and material are very much cheaper now than then.

The equipment of these lines, rolling stock, etc., is held by car-trust companies, and we are asked to invest \$170,000,000 in two

streaks of rails extending from Omaha to Sacramento, devoid at either end of terminal facilities. My judgment is that before we had completed the proper equipment of the line this Government would find itself involved in the expenditure of a sum not less than \$225,000,000. On the other side of the question, it seems to me that for the first time the Government is in the position to receive every dollar with interest that it has ever advanced to these Pacific lines. The first-mortgage bonds given by these companies, bearing interest at 3 per cent and covering all these properties, can probably be sold to-day at par, leaving the Government entirely free from any connection with the operation of these railroads and with every dollar of advanced money returned to the Treasury.

Mr. Speaker, I am not unwilling that the experiment of Government operation of railroads shall be tried, although the figures given from the reports of American and European railway lines, with the cost to the traveler and the shipper, is far less upon American than upon European lines under governmental control. This may arise from higher skill and greater energy of American operators. But if the experiment of Government ownership is to be made, let us make it justly and give the experiment a fair opportunity for success. Let the line be built, with present cost of labor and material, and show what earnings it can give upon the sum invested, or rather what reduction in rates can be afforded to transportation. Let us not make the experiment through acquisition of properties at least double, if not three times, in excess of the sum necessary to completely parallel every mile of track and terminal advantage possessed by those which we must take to-day.

I firmly believe that these properties can be duplicated for a sum not in excess of the present first-mortgage bonds, which the Government must pay before it can realize anything upon the sums it has invested; and if the stockholders and owners of these lines accept the proposition made by the committee of this House, it will be because the value of this property to them as holders of the branch lines, feeders of the main lines, are so intimately connected the one with the other as to force this concession from them in favor of the Government for the proper protection of their branches and tributary lines.

I have thus attempted to state my position and indicate as hastily as possible the reasons that impel me to vote as I do on the pending proposition. I can not in a dogmatic manner assert that my views are the only correct ones or believe that those entertaining other views are reprehensible for theirs. I only seek conscientiously to perform my duty in this matter to the people as given me to see my duty, and entertaining at the same time the most profound respect for the opinions of those who view this question from a different standpoint, seeking as patriotically as I do to protect the interests of all the people.

Pacific Railroads.

SPEECH

OF

HON. JOHN C. BELL,

OF COLORADO.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 2, 1895.

On the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned.

Mr. BELL of Colorado said:

Mr. SPEAKER: It is with great regret that the short time circumscribed for this debate forbids any opportunity for general debate. I will therefore take advantage of this opportunity to spread upon the record as a part, or more properly speaking the whole, of my remarks on this subject the joint resolution of the Colorado legislature. This comes from a legislature the members of which are composed of all three parties, and, as I understand, without division, and cheerfully signed by a Republican governor and supported by the undivided press of the State. If anything in the way of an enlightened public sentiment will move members, then this should have great influence, as these representatives and this governor are personally cognizant of the abuses of trust and of the people through the great Government privilege enjoyed by

these great railroad companies. The said resolutions are as follows:

HOUSE CONCURRENT RESOLUTION NO. 2.

Whereas the Government of the United States, for the purpose of binding the territory along the Pacific Coast to the Eastern States of the Union and developing the vast intermediate country, furnished the Union Pacific, and Central Pacific, of California, railroad companies the moneys and credits of the Government to build a railroad connecting the Missouri River with the Pacific Coast; and

Whereas the Government accepted a second mortgage to secure its advances and authorized the corporations to issue and sell a like amount of bonds secured by a first mortgage, and also donated to these corporations the alternate sections in a strip of lands 40 miles wide for the full length of said railroads, together making a gratuity worth twice over the original cost of the roads; the most munificent ever granted a corporation; and

Whereas it was the intention of the Government that these corporations should pay, as it matured, the interest upon the Government bonds so advanced, which interest has nevertheless not been paid by them, but they have in the meantime, while withholding such interest, paid dividends on their capital stock out of proceeds from sales of said lands and profits of the operation of said railroads, until the total principal and interest now owing the Government from them exceeds \$97,000,000; and

Whereas the persons in control of said corporations have organized and operated town companies, coal companies, and car trusts for their private gain, and have built and bought branch and other railroads, which they have sold to the Pacific companies at great profit to themselves, in which operations the interests of the Government and of the West were sacrificed; and

Whereas the same parties and their successors are applying to Congress for the further use of the Government's authority and credit, asking a perpetuation of their right to operate the roads and discriminate against and oppress the country for fifty or one hundred years to come; and

Whereas such munificent contributions have made millionaires out of many of the parties in control of these railroads, while the properties have been wrecked, and the country oppressed by discriminations and high tariffs; and

Whereas the interest of the people of the Western States and the interest of the Government in these railroads demands that such operations should not be permitted; and

Whereas the present management of the Union Pacific Railroad by five receivers designated by the corporation is a continuation in authority of the same management which wrecked it, and is not in the general interest: Therefore be it

Resolved, by the house of representatives of the State of Colorado (the senate concurring), That our Senators be instructed and our Representatives in Congress be requested to resist every effort which may be made in Congress to reorganize the Pacific railroad companies so as to reinstate or perpetuate their managements or to extend to them the Government credit, and that they be further instructed and requested to urge upon Congress such action as will direct the proper authorities to secure the appointment, without delay, of a competent and impartial sole receiver, to take possession of and manage the Union Pacific and Central Pacific railroads in the interest of the Government and all parties concerned, until it can be determined what foreclosure or final adjustment shall be made.

ARTHUR L. HUMPHREY,
Speaker of the House.
J. L. BRUSH,
President of the Senate.

This resolution originated in the house of representatives January 9, 1895, and was adopted the same day by the house.

JNO. R. WALLINGFORD,
Chief Clerk.

Received in the senate January 9, and concurred in by the senate January 10, 1895.

A. B. GRAY, *Secretary of Senate.*

ALBERT W. MCINTIRE,
Governor of the State of Colorado.

UNITED STATES OF AMERICA, STATE OF COLORADO, (35)
Office of the Secretary of State, Denver, Colo.

I, A. B. McGaffey, secretary of state of the State of Colorado, do hereby certify that the annexed is a full, true, and complete transcript of house concurrent resolution No. 2 of the tenth general assembly of the State of Colorado, which was filed in this office the 14th day of January, A. D. 1895, at 12.30 o'clock p. m., and admitted to record.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Colorado, at the city of Denver, this 14th day of January, A. D. 1895.

[RECAL.]

A. B. MCGAFFEY, *Secretary of State.*

Land Grants for School Purposes.

SPEECH

OF

HON. WILLIAM MORGAN BECKNER,
OF KENTUCKY,

IN THE HOUSE OF REPRESENTATIVES,

Monday, February 4, 1895,

On the bill (H. R. 8697) to equalize the several States of the Union in the grant of lands for school purposes.

Mr. BECKNER said:

Mr. SPEAKER: I have introduced a bill of no little consequence to thirty of the States of this Union. I realize how difficult it is to secure consideration by this Congress, which is now so near its close, but I desire to place the bill and a brief argument in its favor in the RECORD for use hereafter. I refer to H. R. 8697, and with the permission of the House will make it a part of these remarks. It relates to a matter of tremendous import to the people of the States affected by its provisions:

The bill is as follows:

A bill to equalize the several States of the Union in the grant of lands for school purposes.

Whereas the United States have granted to Ohio, Indiana, Illinois, Missouri, Alabama, Mississippi, Louisiana, Michigan, Arkansas, Florida, Iowa, and Wisconsin the sixteenth section out of each township within said States for public-school purposes, and to California and all States since admitted into the Union sections 16 and 36 in each township therein for the same purpose; and

Whereas Texas, when coming into the Union, reserved her lands and has dedicated a great portion thereof to school purposes; and

Whereas the States hereinafter named have had either no portion of the public domain or not their equal portion thereof granted to them or either of them for the purpose named above; and

Whereas the public domain is a common possession and should be equally distributed so that the people of all the States may enjoy the use thereof alike: Now, therefore,

Be it enacted, etc., That there be, and is hereby, granted to the several States hereinafter named scrip for the amount of public land set opposite the names of each of said States, to be sold as herein provided and the proceeds to be used in maintaining the free public-school system in said States, respectively. The number of acres herein granted and to be represented by said scrip is as follows, to wit: New Hampshire, 329,955 acres; Massachusetts, 277,339 acres; Rhode Island, 46,435 acres; Connecticut, 168,589 acres; New York, 1,671,111 acres; New Jersey, 235,822 acres; Pennsylvania, 1,635,555 acres; Delaware, 74,832 acres; Maryland, 305,530 acres; Virginia, 1,363,454 acres; North Carolina, 1,832,901 acres; South Carolina, 1,238,889 acres; Georgia, 2,042,222 acres; Kentucky, 1,339,733 acres; Vermont, 363,063 acres; Tennessee, 1,022,333 acres; Maine, 1,344,444 acres; West Virginia, 817,777 acres; Ohio, 710,471 acres; Louisiana, 733,923 acres; Indiana, 601,045 acres; Mississippi, 638,323 acres; Illinois, 955,141 acres; Alabama, 901,725 acres; Missouri, 1,162,136 acres; Arkansas, 928,057 acres; Michigan, 1,003,573 acres; Florida, 1,053,553 acres; Iowa, 975,900 acres; Wisconsin, 958,648 acres: *Provided,* That no mineral lands shall be selected or pass under this act.

SEC. 2. That the scrip granted herein shall represent the number of acres of public land mentioned therein, and the assignees thereof shall have the right to locate same upon any of the unappropriated lands of the United States subject to sale at private entry at \$1.25 or less per acre. No State shall locate any of said lands in its own name.

SEC. 3. That all the expense of locating said lands, selling same, and collecting the proceeds, and all expenses incident to the management of same, shall be borne by the several States out of their respective treasuries; so that the proceeds of the sale of said scrip shall in its entirety become a part of the public-school fund of said States, not to be in any way diminished or reduced.

SEC. 4. That all moneys derived from the sale of said scrip shall be invested in bonds of the United States, or of the State, or some other safe stocks or bonds that will yield not less than 5 per cent per annum on par value, and to be purchased and controlled by a board to be composed of the governor, the State treasurer, and the State superintendent of schools. Only the income of said fund shall be expended from year to year, and the State accepting the provisions of this act shall in so doing guarantee the inviolability of said fund and make good any loss or impairment thereof in any event. No part of said fund or the income therefrom shall be used in building, repairing, leasing, or furnishing houses or structures of any kind.

SEC. 5. That said scrip shall be transferable by order of said board or a majority thereof under an order made at a regular meeting thereof to be called by the governor, or the control and disposition thereof may be turned over to the legislature of the State by said board at such a meeting so called, and the action of the legislature with reference thereto shall then alone be binding.

SEC. 6. That the Secretary of the Interior is authorized to issue the scrip aforesaid to each State entitled to same in such quantities as may be applied for by the governor thereof, but not until said governor shall have filed with him a written acceptance on behalf of said State of the provisions of this act.

SEC. 7. That the scrip provided for herein shall be located as in case of land warrants and be subject to all the laws and regulations relating to same.

SEC. 8. That any of the States receiving scrip hereunder may elect to have same issued for lands subject to sale at private entry at a higher price than \$1.25 per acre, but in such event the lands so chosen shall be computed at such higher price and the quantity reduced in proportion.

SEC. 9. That the Secretary of the Interior is authorized to adopt and prescribe such rules and regulations as he may deem proper and necessary in order to secure an equitable and just execution of the provisions of this act.

The education of the children is the highest question with which human government can have to deal.

Henceforth—

Says Victor Hugo, one of the great prophets of the people—

all human advancement will be accomplished by swelling the legions of those who read. The diameter of the moral and ideal good corresponds always to the caliber of men's minds. In proportion to the worth of the brain is the worth of the heart. The book is the tool of this transformation. What humanity requires is to be fed with light; such nourishment is found in reading. Hence, the importance of the school, everywhere adequate to civilization.

The Continental Congress recognized this momentous truth when in the third article of the ordinance of 1787 it declared:

Religion, morality, and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged.

The first amendment to the Federal Constitution has happily separated church and state in this land of liberty, but the years have brought an ever-increasing interest in popular education. It is conceded to be a matter of exclusive State jurisdiction, but the General Government has done much for its encouragement. As early as May 20, 1785, the Congress of the Colonies in an ordinance "for ascertaining the mode of disposing of lands in the Western territory" provided:

There shall be reserved the lot No. 16 of every township for the maintenance of public schools within said township.

This action, however, still left open the question as to the ownership and control of the land thus dedicated to education, which was not settled until after the new Government had been established. In 1803 the act admitting Ohio into the Union provided that the sections thus reserved were—

vested in the legislature of that State in trust for the use aforesaid and for no other use, intent, or purpose whatever.

From this time until 1859 each State admitted got the benefit of the same reservation. In the act organizing the Territory of Oregon, dated August 14, 1848, Stephen A. Douglas inserted an additional grant for school purposes of the thirty-sixth section, making a reservation for the benefit of popular education of two sections, or 1,280 acres in each township of 6 miles square, which has been the policy with reference to all the States since admitted to the Union.

The wisdom of our fathers in making such provision has never been questioned, and no right-thinking man will for a moment begrudge the beneficiaries of this munificence their good fortune. The injustice done to the States left out in so disposing of a common domain is another question. The lands thus given by the General Government for common-school purposes to the States and Territories in which these reservations have been made amount to 67,893,919 acres, without including Alaska, which has as yet received no consideration in this matter.

Nor is this all by any means. The same States and Territories have received an aggregate of 1,165,530 acres for university purposes under a policy which began with the admission of Ohio in 1803. It may be said to have had its initiative in an act of the Continental Congress relating to the Northwest Territory, dated July 23, 1787. The agricultural and mechanical college act of July 2, 1862, gave to the same States a decided advantage. While its aim was to make equal distribution to all the members of the Union, yet only those in which there were public lands could have their grants in kind, or "in place," as it is called in the law. The others got scrip, which they had to sell before locating and without positive knowledge of its value.

The quantity of land that passed under this act was 9,600,000 acres. There were a number of minor donations to institutions of learning, but nearly all of these were secured by one or another of the same favored States. Nor did the inequality stop here. Beginning with Louisiana, Congress began the granting of swamp and overflowed lands to aid in constructing levees and for other purposes, which was extended in 1850 until it embraced "each of the other States of the Union in which such swamp and overflowed lands" were situated. No State outside of those in which lands for school purposes had been reserved got the benefit of these donations, which have aggregated in quantity 80,456,153 acres, according to the last report of the Secretary of the Interior.

A portion of the same States got 559,965 acres under what was known as the Saline Land Grants. Indiana, Ohio, Illinois, Wisconsin, and Michigan received the benefit of 4,424,073 acres to aid in building canals within their borders. Wisconsin, Michigan, and Oregon were given the advantage of 1,301,040 acres, used in constructing military wagon roads. Ohio and Indiana had several small grants for a like purpose. The Federal Government has also aided railroads within the States and Territories whose schools it has liberally endowed by granting lands to the extent of 196,569,872 acres, of which as much as 43,350,175 had been patented up to June 30, 1894; 29,453,347 forfeited, and 20,317,517 restored, as shown by the last report of the Commissioner of Railroads.

Leaving out what the agricultural and mechanical colleges got, and also some minor grants not worth enumerating, it will be seen that the favored States have been beneficiaries of grants from the common possessions of the whole country to the extent of over 350,000,000 acres, which is more than half as much as what remains of the public domain. To be sure much of the land granted to the railroads has not yet been earned and a large portion of it may never be, but Congress has done all it could to show how liberal has been its disposition toward the later offspring of the Union.

But are the original colonies and the States in which there was no public domain at the time of their admission without rights as to the lands bought with their treasure or acquired through the courage of their citizens? There would have been no common territory and, in fact, there could have been no Government to own and distribute it, without the sacrifice of blood and treasure made by the very Commonwealths that have been thus pretermitted in the beneficence that has given away, so far as Congress could act, more of God's footstool than is embraced in England, Ireland, Scotland, Wales, and France combined. It may be said that they are estopped from complaining now because they have been parties to the policy which has resulted in this gigantic inequality. But this plea would not be allowed in any court of equity unless the party making it could show that he had been put in a position of disadvantage by the action on which it may be based.

In this case, the new States are beneficiaries only, and so many of their citizens being of the same blood, and, in fact, of kin to those who live in the States to whom justice has not been done, I feel assured that they will not be so selfish or unjust as to object to an effort even at this late day to restore the equality which ought from the beginning to have been provided for. I have introduced a bill into the House of Representatives which has for its purpose a grant of land scrip representing two sections out of the

quantity that would have made a township in each State that has had no reservation or grant for common-school purposes, and an additional section to each State that received a section under the system as first undertaken. That is to say, New York is allowed under my bill scrip representing in acres what is equivalent to two thirty-sixths of the area of that State, while Ohio will get what is equivalent to one thirty-sixth. You may ask, why this distinction?

Because New York belongs to the class that has never received anything, while Ohio is one of the States that has had and enjoyed the advantages of the one section referred to in the act of the Continental Congress quoted from above. The States that have received nothing are New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Kentucky, Vermont, Tennessee, Maine, and West Virginia. Maine and West Virginia have been admitted into the Union since the policy of granting lands for school purposes was inaugurated, but as there was no part of the public domain within their limits they have been treated as were the Commonwealths from whose territory they were carved.

The States that received one section and now ought to have an equivalent for another out of each township are Ohio, Louisiana, Indiana, Mississippi, Illinois, Alabama, Missouri, Arkansas, Michigan, Florida, Iowa, and Wisconsin. It may be asked how much will it take to carry out the provisions of my bill. I answer 27,589,996 acres, calculated on the figures as to area that I got from the Public Domain, a volume prepared pursuant to an act of Congress under the auspices of the Land Commission and revised in 1881. Its figures do not altogether agree with those in the American Almanac, a publication compiled by Mr. Spofford, but I have taken those used by me because they come from what is at least semi-official. Someone may say that this is an enormous quantity of land to be given away, but it is not half as much as has already been granted for the same purpose without objection or complaint from any source.

The report of the Secretary of the Interior for 1894 shows that the Government still owns 606,040,313 acres, which does not include Alaska, the Indian or military reservations, "or railroad or other selections yet unadjudicated, parts of which may in the future by sale or restoration be added to the public domain." There is, therefore, an abundance of land left out of which to secure the scant justice which I am now advocating. Of course, the best lands have been sold or given away, and the scrip that the States may obtain under this act will have to be located in regions not so desirable as those from which the favored States have had their reservations. This can not now be cured, but there is much valuable territory from which choice may yet be made, and whatever it is, it will be of help to the school systems, which in many to the States are so inadequate because of the lack of sufficient funds. This element does not enter into the argument at all.

I have provided for a distribution in scrip because it would be a delicate and perhaps quite an objectionable matter to allow one State to own land and exercise its sovereignty within the confines of another State. I have simply followed the precedent established in the act making the agricultural and mechanical college grants. Those buying the scrip can better manage its location than could the State itself.

Is the proposition in itself right and proper? If this be settled in the affirmative, details can be worked out in the committee to which the bill has been referred. I do not hope for the passage of my bill during the brief fragment of the Fifty-third Congress yet left, but I desire to secure for it the attention of thoughtful men everywhere, trusting that it may find favor with statesmen who will have the power to obtain for it consideration in the next Congress and its early enactment into a law. There can be no doubt as to its constitutionality. The objections to the Blair bill in no wise apply to the measure which I have introduced. They were:

1. That there was no express grant of power in the Federal Constitution to provide for education;
2. That the Blair bill undertook to make a gift or grant of money to the several States, which would have to be raised by taxation not authorized by the Constitution;
3. That the provisions of the bill would subject the State systems of education to Federal supervision; and
4. That the appropriations made by the bill would serve as an excuse for maintaining the high rates of import duties then in force, and would thus serve to thwart the desire of the Democratic party to reform the tariff.

The great argument on this measure will be found in volume 66 of the CONGRESSIONAL RECORD, and I venture to say that it is as able on both sides as has been heard in Congress during the past quarter of a century.

The opposition was led by COKE of Texas, Beck of Kentucky, Pendleton of Ohio, Vest of Missouri, and other leaders of the straitest sect of latter-day strict constructionists. Nearly all of

these great men and intense states-rights leaders conceded that the Government has full power to grant lands from the public domain to the States for educational purposes. Senator COKE stated the distinction as clearly and vigorously as anyone has ever done, perhaps, when he said:

I stated that Congress had the power to make donations of land in aid of education in the States, and I stated it upon the authority of section 8 of Article IV of the Constitution, which reads:

"The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States."

Now there is no limitation upon the power of Congress in dealing with public land. The power of Congress over that subject is absolute. Congress can do what Congress pleases with the public lands. Congress can give them away. It gives them to railroads; it gives them to individuals for homesteads; it gives them to soldiers and sailors for bounties; it gives them to States for educational purposes. Congress can make any disposition in the world it pleases of the public lands. Therefore, I say now and I did say before, that I would vote for a bill granting public lands in aid of education in the States, but that Congress has not the unlimited power under the Constitution to tax the people of the United States and give the money away to anybody.

Mr. Pendleton cited the ordinance of 1787, which was adopted by the Continental Congress, while the convention that adopted the Federal Constitution was in session as the genesis of the provision that gave Congress what he conceded was absolute power over the public domain. Mr. VEST did not controvert this position of COKE and Pendleton, and pointed out that no conditions were attached to the grant of lands that would authorize the Government at Washington to supervise or interfere with the question of education within the States accepting these donations. In 1880 the Senate passed what was known as the Morrill bill, a measure having for its object the distribution among the States of a portion of the proceeds of public lands for purposes of popular education. This was earnestly advocated by COKE, Maxey, Beck, Pendleton, Hill of Georgia, Lamar, MORGAN, Vance, PUGH, CALL, RANSOM, McPHERSON, Bailey, and others who were as staunch State-rights Democrats as the country contained. Mr. Maxey of Texas said:

I shall vote for the bill cheerfully. A States-rights man to the very core, I shall vote for it because there is not in the bill anywhere a violation of any State right.

The bill was championed by the venerable Senator from Vermont who has done so much to advance the cause of education, and in addition to those referred to above was voted for by Blaine, CULLOM, CAMERON, Edmunds, HOAR, Logan, PLATT, TELLER, Windom, and other leaders of public sentiment then in the Senate. The power of Congress to dispose of the public lands has, however, been fixed by its practice since the foundation of the Government. In a speech in the House of Representatives on February 4, 1817, John C. Calhoun, in attempting to establish a power for which he was then contending, said:

In reply to this uniform course of legislation, I expect it will be said that our Constitution is founded on positive and written principles, and not on precedents. I do not deny the position, but I have introduced these instances to prove the uniform sense of Congress and the country (for they have not been objected to) as to our powers, and surely they furnish better evidence of the true interpretation of the Constitution than the most refined and subtle arguments.

The Supreme Court of the United States has settled the powers for which I contend in *Cooper vs. Roberts* in 18 Howard, and other cases since, and, in fact, I do not remember any authority to the contrary that is worthy of consideration. I do not think it possible to assail with success the constitutionality of this measure. It is entitled "An act to equalize the several States of the Union in the grant of lands for school purposes," and contains no conditions that can in any way be objectionable to any true friend of education or offensive to the most sensitive stickler for State rights. Its adoption would materially assist in bringing about an era in America like unto that in Rome of which Macaulay wrote:

Then none was for a party;
Then all were for the state;
Then the great man helped the poor,
And the poor man loved the great;
Then lands were fairly portioned,
Then spoils were fairly sold;
The Romans were like brothers
In the brave days of old.

I have argued so far only the constitutional power of Congress to distribute the public domain among the States as proposed in my bill. I now insist that it is its duty so to do. Senator COKE, in the quotation made above from his speech, cites a portion of the third section of Article IV of the Constitution, but does not give the concluding clause, which declares that—

Nothing in this Constitution shall be so construed as to prejudice any claims of the United States or of any particular State.

This is significant with reference to the contention I am making in view of the fact that it is a part of the section which gives control over the disposition of the territory of the National Government. It has increased force when the action of several of the colonies with reference to this matter is called to mind. Maryland in 1776 expressed its decided opinion that—

If the dominion over these lands should be established by the blood and treasure of the United States such lands ought to be considered as a common stock.

The same State declined to join the Confederation until 1781 because not satisfied with the position of Virginia with reference

to this matter. By the treaty of peace in 1783 Great Britain relinquished—

to the United States all claim to the Government property and territorial rights of the same and every part thereof.

Connecticut, Georgia, Virginia, and other States gave up their claims, and the vacant lands became indisputably the possessions of the Federal Government. Virginia, which released a claim to a greater area than all the other States combined, provided in her act of cession that all the lands not included in other special conditions—

shall be considered as a common fund for the use and benefit of such of the United States as have become or shall become members of the confederation or Federal alliance of the several States, Virginia inclusive, according to their usual respective proportions in the general charge and expenditure, and shall be faithfully and bona fide disposed of for that purpose and for no other use or purpose whatsoever.

The Government accepted title to the Northwest Territory on these terms, but has failed to keep the obligation it thus assumed in that only certain States have had the use and benefit of what was accepted for all. In 1831 the legislature of Maryland adopted resolutions affirming that—

The States in whose favor Congress has not made appropriations for the purposes of education are entitled to such appropriations as will correspond in a just proportion with those heretofore made in favor of the other States.

Virginia and Connecticut approved this action of Maryland, but the question, so far as I can learn, has never been considered by Congress. It is no argument that it now comes late, because as between partners there should be no statute of limitations in a forum where justice and equity ought to have chief consideration.

I will attempt no argument in favor of the cause intended to be strengthened by the passage of this bill. None of the States have such a school fund that they do not need more, and in many of those that will be beneficiaries under this act the provision now made for the education of the masses is totally inadequate. They have a right to what they would get by this measure and could with incalculable advantage use the increase so obtained for the uplifting and enlightenment of their people.

In view of the foregoing facts, and in the name of the children whose career may be so seriously affected by its adoption or rejection, I earnestly commend my bill to the favorable consideration of Congress. In the apt and statesmanlike words of Senator MORRILL when his bill was before the Senate in 1880:

The measure before us stands on a noble principle, wholly impregnable, if human self-government rests on popular intelligence—a principle which neither the Republican nor the Democratic party will be willing to repudiate so long as each claims to be the champion of self-government and of the common people; and, if the measure is worthy of adoption, it is worthy to be adopted with the least possible delay.

The Currency.

ADDITIONAL REMARKS

OF

HON. WILLIAM A. STONE,

OF PENNSYLVANIA,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, January 8, 1895,

On the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. WILLIAM A. STONE said:

Mr. CHAIRMAN: I desire to append to my remarks of January 8 the following statement:

At the annual meeting of the Pittsburgh Clearing-House Association, held January 17, 1895, the "currency question" was discussed, and it was decided to adjourn to meet on the 24th instant, at 10.30 a. m., to continue the discussion upon the following propositions:

I. Permit national banks to issue notes to an amount not exceeding their paid-up capital stock, but require each bank before receiving notes to deposit with the United States Treasurer United States bonds of any issue, upon which they may receive notes up to the par value of said bonds.

II. Impose a tax of one-fourth of 1 per cent per annum, payable semi-annually, upon the average amount of notes in circulation, to defray the expenses of printing notes, official supervision, and other expenses of the Comptroller's Office.

III. Repeal the provisions of the reorganization and extension act of July 12, 1882, imposing limitations upon the reduction and increase of national bank circulation.

IV. Authorize the Secretary of the Treasury to offer for sale from time to time at not less than par, 2½ per cent 5-20-year bonds (i. e., redeemable after five years and payable after twenty years) in denominations from \$50 to \$10,000, to be paid for in gold, legal tenders, or United States Treasury notes to an amount, which, with the gold in the Treasury, will be sufficient to retire all outstanding legal-tender and Treasury notes, such notes to be canceled as fast as new circulation is issued to the banks.

V. Permit national banks to count national-bank notes as a part of their legal reserve.

The other provisions of the present national-bank act to remain unchanged.

Resolved, That the Pittsburgh Clearing House Association unanimously approve of the proposed amendment to the national-bank act presented at the meeting on the 17th instant, and the chairman is instructed to appoint a committee of three to prepare a declaration, and submit the same, with a copy of amendments, to Congress at the hands of our Senators and Representatives.

REMARKS OF J. H. WELLOCK, ESQ., THE MEMBER PRESENTING THE RESOLUTIONS TO THE CLEARING HOUSE ASSOCIATION.

Mr. Chairman, a more serious question is now urgently demanding solution than any that has confronted the country since the days of reconstruction. What are the best steps to be taken for such reforms of our currency system as will relieve the country from the pressure under which it is now suffering. The ills we have are bad enough, but they are less serious than those threatened by various ill-advised schemes suggested for their removal.

The amount of good done by the American Bankers' Association in inaugurating the discussion of financial questions is hardly to be overestimated. The value of the educational discussion started by the presentation of the Baltimore clearing house plan is vast. But the extent of the good to which it has given rise can hardly be better gauged than by realizing the fact that the meeting in Chicago of the executive council of the American Bankers' Association in December, when eleven cities were represented, not one of the gentlemen present was found willing to support the plan which secured the somewhat hasty indorsement of the association at Baltimore in October.

In the meantime there had been such a great amount of educational discussion, so many widely varying schemes of reformation had been propounded, that those present were strongly disinclined to reiterate the verdict rendered by their own association two months before. Bankers, no less than other folk, are susceptible to the influences of information, and in those two months the amount of information forthcoming on matters of currency and finance was positively bewildering. Plans had become as plentiful as blackberries in season; plans of folly and plans of wisdom, and plans comprising both characteristics. But bewildering though this multiplicity has been, and the prolific production is still in progress, those who have time and inclination will find it worth while to glean in the fields of fatuous suggestions for the few ears of grain which are obtainable.

While the discussion is still in progress several points of no slight import have practically been settled. Among these are the following:

Reform is necessary.

Reform must be conservative.

Its main object should be the simplification of our currency by the retirement of legal tenders and treasury notes and substitution therefor of some form of circulation which shall have all the strength of those retired without their complicated weaknesses.

It has been developed further that the question under discussion is essentially of national issue and in no sense one in which partisan or sectional considerations should be allowed to hold sway. This feature of the situation has already been recognized by some of the larger minds of the present minority party, like Senators SHERMAN, ALLISON, and QUAY, who have manifested a statesmanlike willingness to sink partisan considerations for the relief of the nation as a whole, and the more so since it becomes increasingly probable that if the present Congress fails to find a solution of the problem the President will call an early special session of its successor, more largely composed of his political opponents, to settle the question.

In fine, it has become manifest that the most strenuous calls of civic patriotism demand the attention of all Americans to this question. And since the demand is the more urgent in proportion to the ability of the citizens to serve, bankers, than whom none should have a clearer grasp of the subject, are especially called in this hour of real necessity. No one plan in itself has yet been laid before the public which has met with anything approaching universal indorsement. The unprejudiced observer has been able by an eclectic process to gradually modify his opinion until he has reached a position at no small distance from that whence he set out.

The most important of the many plans promulgated thus far, by reason of its intrinsic merits and its source, but most of all from the discussion to which it has given rise, is the Baltimore plan. That the scheme was formulated by the clearing house of a city which has been free from banking failures for sixty years is a recommendation which demands consideration. That the plan was indorsed, even though upon too little discussion, by the American Bankers' Association is something still further in its favor. Yet its originators, suffering the natural fate of all pioneers, have found that those following them, for whom they opened the path, have already learned to improve on the road cleared for them and demand something better. Briefly summarized, the Baltimore plan proposed, in order to procure a "safe and elastic currency": Repeal the provision requiring the deposit of bonds to secure circulation; allow the issue of circulation to 50 per cent of paid-up unimpaired capital, subject to a tax of one-half of 1 per cent per annum upon the average outstanding circulation; allow emergency circulation of 25 per cent paid-up and unimpaired capital subject to one-half of 1 per cent tax and additional heavy tax on average of this circulation outstanding, the one-half of 1 per cent tax to pay expenses of Comptroller's office, etc., redemption equal to 5 per cent of their average outstanding

circulation to be maintained by banks of issue in the hands of the Secretary of the Treasury; redemption of all notes to be made as under existing law; create a guaranty fund by deposit by each bank of 2 per cent of circulation received the first year, by annual tax of 1 per cent on average outstanding circulation until fund equals 5 per cent of entire circulation outstanding, and by the heavy tax on emergency circulation already referred to.

The guaranty fund is for the redemption of the notes of insolvent banks, or the reimbursement of the Treasury for such redemption. The Government shall have a prior lien on assets of each failed bank and liability of shareholders for restoring to the guaranty fund not more than the failed bank's outstanding circulation, after deducting amount credited to it in the redemption fund. Then follow provisions of less import for the retirement of circulation and the winding up of the bank's affairs.

It is only fair to its authors to note that the Baltimore plan is not offered as a completed amendment to the present law, but simply as the outline of desirable legislation.

In one fundamental respect, at least, they were right in the statement that "Our currency must be supplied by the banks, not by the Government. The latter notes only the condition of trade by the rise or fall of its revenue receipts. The banks are the arteries of commerce, feeling instantly the changes of commercial activity and intimately acquainted with its volume and requirements."

But the intrinsic weakness of this plan is found in its very first provision that the requirement of bond deposits to secure circulation be abrogated. And this is the more remarkable since the designers of the plan profess to desire a continuation of the national banking system, while at the very outset demolishing the foundation of its structure, the deposit of bonds to secure circulation. At this one stroke is destroyed the most essential feature of a banking system which has stood the searching tests of thirty-two years' experience and shown no shortcomings not amenable to the remedial influence of moderate and conservative reform.

What safety would the public see in this safety fund?

Ultimate safety it might provide, though even that is open to grave doubt. But to be of any use as a circulating medium of exchange in the highways and byways of commerce and industry, a currency must have an immediate intrinsic or representative value, since no more ultimate and remote value depending on tortuous routes and cumbersome proceedings will so satisfy the public as to give that currency the one essential qualification of immediate and unquestionable acceptance and transferability.

What advantage does this substitution of a safety fund for the deposit of bonds offer?

It provides no improvement in soundness or security; on the contrary, as has already been indicated. Promises to pay secured by the capital and assets of banks, even when indorsed by the Government, which is the people, do not give the people that faith in currency without which nothing prosperous is possible to the same extent as do the bonds which they, the people or Government, have promised to redeem and for the payment of interest upon which their honor is pledged.

Does this Baltimore proposition add in any way to the elasticity of the currency?

What is meant by that phrase anyway? It has been so misused and abused that an attempt to arrive at its definition is in order before going further. One has said, "Any language indicating or synonymous with elasticity is peculiarly fascinating to an American. Indeed, we are an elastic people, and certainly our whole banking system for the last ten years has been elastic enough, practically speaking. It was not want of elasticity, but rather that the elasticity had been extended until there was no more expansion to it, that troubled us in 1893. Perhaps the trouble was not directly with the currency, but with the credit portion of our system. What reason can exist in the mind of any man at the present time for supposing that the right of banks to issue bills or paper money, whether it be safe or whether it be not, would afford elasticity to the currency in future time of need is beyond my comprehension or imagination. I believe that it would not prove true; in other words, if the right to issue bills were given to the banks up to a certain percentage of their capital, they would use it immediately. What reason is there to suppose that they would withhold the exercising of this prerogative and wait until times were hard and money close, and then make judicious use of the privilege? Why would they do that any more than they would fail to hold a proper reserve of their deposits to meet the same conditions?"

"The same element in human nature would be appealed to in each case, to wit, love of gain.

"Taxation would not prove effective as a regulator, for, if made uniform, as it necessarily must be, it would be sufficient in one portion of the country to cause total prohibition of all proposed note issues and would be totally inadequate in other parts to retard it in the slightest degree.

"This is a self-evident proposition when we consider that the

earning powers of money vary from 2 per cent in New York to 12 per cent in Montana."

Then the originators of the Baltimore plan refer us to Canada as an example of the admirability of their scheme of currency. Our plan, they say, is more conservative than the Canadian law, though the latter has been found highly satisfactory to the Dominion.

The first answer to this is that conditions of banking, trade, and finance in Canada and the United States are as far as the poles asunder, geographical neighbors though the two countries be.

Canada is impregnated with British phlegm. The United States is characterized by American impulsiveness and enterprise. The rapid movement which is an everyday occurrence here would send Canada into convulsions at short notice. And investigation develops no great advantages of the Canadian system even for Canada. Our national bank notes circulate in every nook and corner of our land, throughout Canada and in Europe at par. Canadian bank issues, on the other hand, fail to circulate at par in this country, and even in their own they are more or less discounted according to their greater or less distance from the bank of issue and the amount of confidence felt therein. Moreover, in our country we have nearly 3,800 national banks, while in Canada the banks of issue are less than 40, all other banks being mere branches.

Those who venture to argue that the Baltimore plan is good, because the present system of national banking has proved so under the stress of thirty years' experience, are even further astray. In so much as the Baltimore plan would change the whole basis of our national banking system they might as well argue that because a man has for thirty years been walking one path with safety and comfort in possession of all his faculties he could do the same thing after suffering a stroke of paralysis. All plans for issue based upon a so-called safety fund are alike in essentials, differing only in degree. Under the Baltimore plan, for instance, a few men could start a bank with \$100,000 capital. This would entitle them to \$75,000 circulation, less 7 per cent paid in for redemption and safety fund, amounting to \$5,250, leaving \$69,750. The organizers might then borrow all their bank's money, suspend, and their liabilities of \$69,750 would be so much in pocket for them and have to be met by assessments on solvent banks. In this one particular the Carlisle plan is an improvement by demanding the further security of 80 per cent legal-tender deposits.

Next to the Baltimore plan in importance is that which Secretary Carlisle attempted to foist on an unwilling nation on the installment plan. Added to the essential weakness already pointed out as inherent to the Baltimore plan, the substitution of safety, guaranty, or redemption funds for United States bonds as a basis of currency issue, this compromising scheme trying to partially satisfy all separate interests and giving full satisfaction to none would return us to all the horrors and inconvenience of State-bank issues. Try to regulate issues under the diverse State governments as they might the task would be found impossible of achievement. We should have forty-five differing issues, all lacking the golden imprint of the nation's indorsement. "Where are we at?" or more elegant words to the same effect would become the daily plaint of bankers and their clients, as it was in the days of wild-cat, yellow-dog, shinplaster, and the like heterogeneous assortment of currencies. Another weakness in Carlisle's plan is the removal of the necessity for the maintenance of reserves for the protection of depositors, though experience has demonstrated that the reserve now required is none too large. These things so vitiate the Secretary's scheme that when they have been pointed out further consideration of his proposals is hardly called for.

So eminent authority as Senator Vest offers a bill which provides that all Treasury notes and gold and silver certificates shall be destroyed and an equal amount of notes payable in standard gold and silver coin shall be issued and paid out instead of the notes, making it unlawful for any national bank to issue bank notes or currency, and all acts authorizing such issue are to be repealed. It is made the duty of the Secretary of the Treasury within twelve months to sell the United States bonds deposited in the Treasury by national banks to secure circulation, and, after redeeming with coin notes authorized by his bill, the surplus, if any, is to be paid in coin notes to the bank owning the bonds. President William H. Rhawn, of Philadelphia, recommends that we legalize the issue of clearing-house certificates, but while clearing-house certificates have an honorable place in our recollections I doubt if that suggestion will be enacted into law. And so on, various plans are multiplied beyond our time or consideration.

This association has done well to take a reasonable time to consider. It demands more than a merely superficial examination, because while we discuss it the financial, industrial, and commercial interests await the action of Congress, and prompt legislation is imperatively demanded.

An Irishman once said, after falling from a four-story house,

that it was not the fall that hurt him, but the sudden stop. We have been falling for a long time without any pain, but now that we are being brought to a sudden halt we are threatened with serious injury.

Let us review the situation. Well nigh every condition except the financial one, is full of promise for the future. Stocks on hand are low, wages are fair, prices are near bed rock, the people are reasonably well employed, general expenses in railroads, mills, and counting houses have been reduced to a minimum, and after years of depression the people now have a right to be encouraged while they await the solution of this all-important problem.

There is an underlying faith that as in many other instances in our history a satisfactory outcome will be discovered. But how and by whom? Why should not the bankers of Pittsburg respond to the occasion with a declaration of their firm belief that the Government should be rescued from its present dangerous predicament by funding its demand obligations, going out of the banking business and confining itself to its proper functions of collecting sufficient revenue to meet the expenses of the Government, and disbursing the same. Why should you not further declare our firm adherence to the present excellent national-banking act properly amended to give the people a safe, simple, uniform, redeemable and elastic currency as good as gold and fit to pass anywhere at par.

This clearing house represents a capital, surplus, and deposits of \$115,000,000. Your clearances last year aggregated nearly \$800,000,000. Your reputation for conservatism, safety, and success is proverbial, and I can not but believe that your recommendation would be welcomed by our Representatives in the National Legislature, and command the respect and serious attention of all.

You are the bankers for what should be the fifth city in the Union. This is far more than the clearing house of Pittsburg, more than the clearing-house of Allegheny County; it is the clearing house of western Pennsylvania.

Remember that a Pittsburg banker and one other enjoyed the credit of having given such information as to contribute largely toward making the national-bank currency a success instead of the failure it threatened to be at the outset.

We read in our public journals this week articles like this:

Financial rather than commercial or industrial events occupied attention the past week. By far the most important was the export of \$5,000,000 gold, which exceeded all expectation. The entire amount was withdrawn from the United States Treasury and the Government's net gold was reduced to less than \$70,000,000. Secretary Carlisle realized \$35,700,000 gold as the proceeds of his last bond sale, and in less than two months has lost \$40,000,000. There is no reason to believe that there will be any decrease in the demand for gold so long as the legal tenders and Treasury notes are in existence. This fact shows the futility of bond sales to maintain the gold reserve, so long as our present currency laws remain in force. It also emphasizes the urgent necessity of a broad, comprehensive scheme for the reform of the currency. It is, therefore, not strange that business projects extending far into the future and involving large outlays of capital are still held in abeyance. All of these statistics bearing upon the subject fail to show cause for the outward movement of specie.

The foreign trade statement of the United States for the calendar year 1894 shows an excess of exports over imports of \$152,200,000 merchandise, \$21,200,000 gold, and \$36,500,000 silver. Here is an apparent balance in favor of the United States of \$270,000,000. Making a liberal allowance for our interest obligations abroad, for the expenses of American tourists, etc., and there remains fully \$100,000,000 to be accounted for. The only reasonable theory is that that sum represents the withdrawal of foreign capital invested in this country. Inasmuch as the rates of discount and the returns on investments abroad are lower than in this country, it must be that distrust as to the safety of the principal is the underlying cause of the shifting of capital. The London press fosters this distrust and Congress does nothing to allay it. The effect is seen in the market quotations. Two per cent British consols sold yesterday at the unprecedentedly high price of 104½, 3 per cent French rentes at 102 francs 30 centimes, and 5 per cent United States coin bonds were quoted at 110½.

It is probable that if the Government were not a prey to the holders of its outstanding demand notes its credit would be improved.

It has been suggested by high authority that a commission be appointed to take testimony and draft a bill, but the emergency will not permit. Let this question be settled now and the country will move onward and upward through years of substantial prosperity. Congress should settle this question before it leaves Washington.

The tendency seems to be in the right direction. Senator SHERMAN, than whom there is no higher financial authority, the very day that the proposition which is now before us was submitted, presented to Congress a few suggestions, which are in entire harmony with this plan, and on Monday of this week Representative WARNER of New York submitted a bill along the same line.

If United States bonds are worth anything, they are worth their face value; therefore, let national banks be authorized to issue currency to the par value of bonds deposited. In return for their privileges let banks pay an annual tax of one-fourth of 1 per cent on the average of their notes outstanding for the payment of expenses incidental to their supervision by the Government, the printing of the notes, and the like. In order to get contraction or expansion of currency as quickly responsive to the conditions of trade as possible, repeal provisions of the act of July 12, 1882, imposing limitations on the reduction and increase of national-bank circulation. To remove the source of the evils under which we now

suffer, let 2½ per cent twenty-year bonds be sold from time to time at no less than par, in denominations of \$50 to \$10,000, for gold, legal tenders, or United States Treasury notes to an amount sufficient, with the gold in the Treasury, to retire all outstanding legal tenders and Treasury notes by cancellation of the same as new circulation is issued to the banks. And, to show a logical regard for the value of national-bank notes and avoid invidious distinctions, allow national banks to count such notes as a part of their legal reserve.

Let us divest this question of all side issues, and preserve the bank act which has given us the best currency the country has ever experienced; amend it if we must, but not mutilate it. Do not sacrifice any principle in it which we believe right, or compromise with the advocates of fiat money of any kind.

In conclusion, Mr. Chairman, permit me to add that an intimate acquaintance with the methods and members of this clearing house born of many years of association convinces me that we shall do our whole duty in the matter; and I am sure that any plan indorsed by you will be entirely proper, patriotic, and practicable.

Indian Appropriation Bill.

SPEECH

OF

HON. THOMAS A. E. WEADOCK,

OF MICHIGAN,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, January 16, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8479) making appropriations for current and contingent expenses of the Indian Department and fulfilling treaty stipulations with various Indian tribes for the fiscal year ending June 30, 1896, and for other purposes—

Mr. WEADOCK said:

Mr. CHAIRMAN: It is not my intention to discuss more than one feature of this bill, and that is the one which proposes to deal with contract schools, which term includes those not owned or controlled by the Government, but by private parties and generally by some religious denomination. My position, which I desire to have well understood at the outset, is that I have no objection to the Government providing its own schools for the Indians, and if that policy is to be the settled policy of the Government provision should be made to relieve the charitable people of this country in the investment they have made at the invitation of Congress. Whatever education I have acquired in any school was obtained in the public schools of my country, and neither as to the Government Indian schools nor any other real public schools, at any time or place, have I found any fault or made objection, by vote or otherwise, against their proper maintenance. But the bill as submitted seems to regard as "nonsectarian" the schools managed by our Episcopalians, Baptists, Quakers, or other denomination, while the term "sectarian" applies only to the schools owned and taught by Catholics. The St. James version, old or new, is "nonsectarian." The Latin Vulgate is "sectarian."

Later on I shall invite the attention of the committee and the country to a comparison between the methods adopted with the mission Indians in California and those sought to be introduced now.

A good many years ago, in 1869, in the Administration of President Grant, the different Christian denominations were invited to enter the field of Indian education. And one denomination, the Roman Catholics, has gone perhaps farther than any other in establishing training, industrial, and other schools, and otherwise putting themselves in readiness to comply with that invitation and to conduct Indian schools. They have conducted a larger number and with better success than any other people who have made the attempt. That is the uniform testimony of teachers of Indian schools and Indian inspectors and officers of the Army and everyone who has been brought in contact with these schools in such a manner as to give them sufficient knowledge to speak upon the subject. The last Indian appropriation bill, public act 197, 1894, made appropriations for these schools, by name, as follows:

For support and education of 100 Indian pupils at St. Boniface's Industrial School at Banning, Cal., \$12,500.

For the education and support of 100 Indian children at the Holy Family Indian School at Blackfeet Agency, Mont., \$12,500.

For education and support of 100 Chippewa boys and girls at St. John's University and at St. Benedict's Academy, in Stearns County, State of Minnesota, at \$150 each per annum, and for the education and support of 100 Indian pupils at St. Paul's Industrial School at Clontarf, in the State of Minnesota, \$30,000.

For support and education of 300 Indian pupils at the St. Ignatius Mission School, on the Jocko Reservation, in Montana, at \$150 per annum each, \$45,000.

For support and education of 60 Indian pupils at St. Joseph's Normal School at Rensselaer, Ind., \$8,300.

For support and education of 60 Indian pupils at the Kata Drexel Industrial School, on the Umatilla Indian Reservation, in Oregon, \$6,000.

In addition to these contracts were made by the Indian Bureau with other schools, as appears by the following table, to be found on pages 16 and 17 of the Report of the Commissioner of Indian Affairs for 1894:

Schools for Indians conducted under contract, with number of pupils contracted for, rate per capita per annum, and total amounts required for fiscal years ending June 30, 1894, and June 30, 1895.

Location of school.	Rate per capita per annum.	1894.		1895.	
		Number allowed.	Amount required.	Number allowed.	Amount required.
Avoca boarding, Minnesota.	\$108	35	\$3,780		
Baraga, Mich. (Chippewa boarding).	108	50	5,400	45	\$4,860
Bayfield boarding, Wisconsin.	125	30	3,750	30	3,750
Bernalillo boarding, N. Mex.	125	60	7,500	60	7,500
California:					
Hopland day.	30	30	600	30	600
St. Turibius day.	*30	30	600	30	*3,240
Ukiah day.	30	30	600	30	600
Pinole day.	30	30	600	30	600
Colville Agency, Wash.:					
Colville boarding.	108	65	7,020	65	7,020
Coeur d'Alene boarding.	108	70	7,560	70	7,560
Crow Creek Agency, S. Dak.:					
Immaculate Conception boarding.	108	95	10,260	60	6,480
Crow Agency, Mont.:					
St. Xavier's Mission boarding.	108	105	11,340	85	9,180
Devil's Lake Agency, N. Dak.:					
St. Mary's boarding, Turtle Mountain.	108	130	14,040	130	14,040
Fort Belknap Agency, Mont.:					
St. Paul's boarding.	108	150	16,200	125	14,580
Graceville boarding, Minnesota.	108	50	5,400	50	5,400
Green Bay Agency, Wis.:					
St. Joseph's boarding.	108	130	14,040	130	14,040
Harbor Springs boarding, Michigan.	108	95	10,260	95	10,260
La Pointe Agency, Wis.:					
Red Cliff day.	30	30	900	30	900
Bad River day.	30	20	600	15	450
Bayfield day.	30	30	900	30	900
Lac Court d'Oreilles day.	30	40	1,200	40	1,200
St. Mary's boarding.	108	50	5,400	50	5,400
Morris boarding, Minnesota.	108	90	9,720	80	8,640
North Yakima boarding, Washington.	108	50	5,400	35	3,780
Osage Agency, Okla.:					
Fawhuaka boarding.	125	50	6,250	50	6,250
Honey Creek boarding.	125	40	5,000	40	5,000
Pine Ridge Agency:					
Holy Rosary boarding.	108	125	13,500	140	15,120
Holy Rosary boarding (supplemental).	108	50	5,400		
Pueblo Agency, N. Mex.:					
Acoma day.	30	25	750	25	750
Isleta day.	30	30	900	30	900
Laguna day (Pahute).	30	25	750	25	750
Jemez day.	30	35	1,050	35	1,050
San Juan day.	30	22	660	22	660
Santo Domingo day.	30	25	750	25	750
Taos day.	30	20	600	20	600
Rosebud Agency, S. Dak.:					
St. Francis boarding.	108	95	10,260	95	10,260
San Diego boarding, California.	125	95	11,875	95	11,875
Sac and Fox Agency, Okla.:					
Sacred Heart boarding.	108	50	5,400	40	4,320
St. Peter's Mission boarding, Montana.	108	180	19,440	180	19,440
St. Catherine's boarding, Santa Fe, N. Mex.	125	100	12,500		
Shoshone Agency, Wyo.:					
St. Stephen's boarding.	108	75	8,100	65	7,020
Tongue River Agency, Mont.:					
St. Labre's boarding.	108	40	4,320	40	4,320
Tulalip Agency, Wash.:					
Tulalip boarding.	108	100	10,800	100	10,800
White Earth Agency, Minn.:					
St. Benedict's orphan boarding.	108	90	9,720	90	9,720
Red Lake boarding.	108	40	4,320	40	4,320
Crow Reservation, Mont.:					
Montana Industrial boarding.	108	50	5,400	50	5,400
Crow Creek Agency, S. Dak.:					
Grace Howard Mission Home.		30	3,000	30	3,000
Greenville, boarding, California.	75	40	1,800	40	4,320
Greenville day, California.	30	20	240		
Halstead boarding, Kansas.	125	30	3,750	30	3,750
Omaha Reservation, Nebr.:					
Mission boarding.	108	45	4,860		
Plum Creek boarding, Leslie, S. Dak.	108	25	2,700	15	1,620
Point Iroquois day, Bay Mills, Mich.	30	80	900	20	600
Santa Fe boarding, New Mexico.	125	50	6,250		
Santa Fe boarding, New Mexico (supplemental).	125	15	1,875		
Sisseton Agency, S. Dak.:					
Goodwill Mission boarding.	108	60	6,480		

* In 1894 this was made a boarding school and \$108 per pupil allowed instead of \$30.

Schools for Indians conducted under contract, etc.—Continued.

Location of school.	Rate per capita per annum.	1894.		1895.	
		Number allowed.	Amount required.	Number allowed.	Amount required.
Shoshone Agency, Wyo.: Mission boarding.....	\$108	30	\$2,160	30	\$2,160
Springfield, S. Dak., Hope boarding.....	108	45	4,860	45	4,860
Tucson boarding, Arizona.....	125	150	18,750		
Tucson boarding, Arizona (supplemental).....	125	50	6,250		
Wittenberg boarding, Wisconsin.....	108	140	15,120	140	15,120
Total.....			350,810		285,715

The denominational schools not Catholic specially named in the act were as follows:

For support and education of 150 Indian pupils at the school at Hampton, Va., \$30,000.

For support and education of 200 Indian pupils at Lincoln Institution, Philadelphia, at \$167 per annum each, \$33,400.

For support and education of 60 Indian pupils at White's Manual Labor Institute, of Wabash, Ind., \$10,080.

In the Lincoln Institution, Philadelphia (page 54, Indian bill), there are many Catholic children in school. Archbishop Ryan and Miss Drexel together requested that they should be allowed to attend Catholic services. The lady superintendent flatly refused, saying that the Episcopal religion was good enough for them.

It is proposed to specially appropriate for these "contract schools" in the present bill.

A new sectarian school is established by the bill at Grace Mission, S. Dak., which is subject to a point of order, being new legislation, and I shall make the point at the proper time.

The following paragraph was inserted in that act:

That the expenditure of the money appropriated for school purposes in this act shall be at all times under the supervision and direction of the Commissioner of Indian Affairs, and in all respects in conformity with such conditions, rules, and regulations as to the conduct and methods of instruction and expenditure of money as may from time to time be prescribed by him, subject to the approval of the Secretary of the Interior: *Provided*, That the Secretary of the Interior is hereby directed to inquire into and investigate the propriety of discontinuing contract schools, and whether, in his judgment, the same can be done without detriment to the education of the Indian children; and that he submit to Congress at the next session the result of such investigation, including an estimate of the additional cost, if any, of substituting Government schools for contract schools, together with such recommendations as he may deem proper.

That work seems to have been done by the Commissioner of Indian Affairs, and his conclusions have been reported to the Secretary of the Interior, who seems to have adopted them verbatim; and the recommendation made by the Commissioner to the Secretary is in turn made by him to the Committee on Indian Affairs, and the idea is incorporated in this bill.

The Secretary says:

Contract schools.—The contract schools are now the subject of general discussion. I agree fully with those who oppose the use of public money for the support of sectarian schools. But this question should be considered practically. The schools have grown up. Money has been invested in their construction at a time when they were recognized as wise instrumentalities for the accomplishment of good. I do not think it proper to allow the intense feeling of opposition to sectarian education, which is showing itself all over the land, to induce the Department to disregard existing conditions. We need the schools now, or else we need a large appropriation to build schools to take their place.

It would scarcely be just to abolish them entirely, to abandon instantly a policy so long recognized. My own suggestion is that they should be decreased at the rate of not less than 20 per cent a year. Thus in a few years more they would cease to exist, and during this time the Bureau would gradually be prepared to do without them, while they might gather strength to continue without Government aid. This is the policy which is now controlling the Department, and unless it is changed by legislation it will be continued. The decrease in the appropriation for the present fiscal year is 20 per cent.

Now, remember that no successful contention can be made, and in my judgment no contention ought to be made, against the Government providing its own schools for Indians, just as States provide their own schools for the citizens of the different States, but they should deal with the condition that actually exists; and I am credibly informed that a million and a half dollars have been furnished by charitable people of the United States who have taken an interest in Indian education for the purpose of buying farms, tools, implements, etc., for the training and industrial schools and constructing the schoolhouses in which these schools are kept and carried on to-day. The Secretary of the Interior estimates that it will cost the sum of \$1,203,060 to construct the necessary schools for carrying out the recommendations which have heretofore been made, namely, to provide buildings for the Government for the education of the Indian children, and this sum apparently does not provide for farms, tools, stock, etc.

At the proper time I shall offer an amendment that instead of the sum of \$40,000, the amount named in the bill, being appropriated for the purpose of construction and repair of buildings, a

sum equal to one-fifth of the amount which the Secretary says will be necessary to construct the buildings shall be appropriated this year for that purpose, and that he shall be authorized to purchase school buildings already constructed.

Mr. PICKLER. Will the gentleman allow me?

Mr. WEADOCK. Certainly.

Mr. PICKLER. What is the proposition?

Mr. WEADOCK. The proposition is that, as the Commissioner of Indian Affairs and the Secretary of the Interior advise that within five years the contract schools shall be done away with, a 20 per cent reduction being made this year and 20 per cent in each succeeding year, and that we should appropriate 20 per cent of the amount which he estimates is necessary for the purpose of building schoolhouses each year, so that if we reduce contract schools 20 per cent this year, he will have an appropriation of 20 per cent added to the estimates for building schools for that purpose.

Mr. PICKLER. Does that appear in this bill?

Mr. WEADOCK. No, it does not appear in this bill; but that is limited with a specific appropriation which the bill makes of only \$40,000.

There is another place in the bill where, for the use of the Sioux, they appropriate \$70,000, but that, the gentleman will understand, is for a specific purpose, and not for this general purpose at all. Nor can I agree with the idea that the Commissioner and the Secretary have decided upon the best way of disposing of the contract schools. Now, the effect of it means, when you take a school and cut off 20 per cent or one-fifth of the children attending that school (and the appropriations have hitherto been made for a certain number of children at a specific amount each), without making any adequate provision for them, it seems to me that that is a course of procedure which the judgment of this House would not approve.

Mr. HOLMAN. But that is not contemplated by this measure.

Mr. WEADOCK. That may not be contemplated; but that is possible by this measure; and this measure should be so safely guarded that it can not be done.

Mr. DUNN. Is it not the natural result of it?

Mr. HOLMAN. It is barely the possible result.

Mr. WEADOCK. Let me call the attention of the gentleman from Indiana to an instance in my own district. There is a very excellent school at Harbor Springs, where there is a large number of Indians, and a large number of Indian children, and a large school for their accommodation.

That school to-day is clothing, educating, feeding, and training in industrial arts 200 Indian children. There is an appropriation made for only 95 children at that school. Now, under this bill that number, 95, may be reduced by 20, and the school will then be feeding, clothing, taking care of, and educating all these children with a less appropriation than it had before.

Mr. HOLMAN. How is the balance of the money that is required for the support of the school provided?

Mr. WEADOCK. The balance of the money is provided by charity, by people all over the country who contribute for that purpose, by collections taken up from time to time for the support of the Indian missions schools.

Mr. HOLMAN. And the school educates 200?

Mr. WEADOCK. The school takes care of and educates 200 Indian children.

Mr. DUNN. In order to enable the United States Government to carry out its treaty stipulations with these tribes?

Mr. HOLMAN. Oh, no. That school is not supported under any treaty provision.

Mr. WEADOCK. Not at all; but it is one of the schools with which a contract has been made for the maintenance and education of 95 Indian children.

Mr. HOLMAN. As to our treaty stipulations, the Government carries them all out in good faith.

Mr. WEADOCK. This school, as I have stated, takes care of and educates 200 Indian children, and I will read a letter from the superintendent of the school, a letter from the postmaster of the town where the school is located, and a letter from the postmaster of the adjoining town, who was formerly speaker of the legislature of Michigan, recapitulating these facts and showing what excellent work this school is doing. Much attention is paid to industrial training, and, in my opinion, it would be better if in all the Indian schools, as well as in other schools throughout the United States, more attention was paid to manual training and less to the dead languages.

LETTER FROM EX-SPEAKER WACHTEL, NOW POSTMASTER AT PETOSKEY.

PETOSKEY, MICH., November 23, 1894.

Sir: In order that you may have an expression from a disinterested source concerning the Indian school at Harbor Springs, Emmet County, Mich., I beg to state that I have resided here seventeen years, and am familiar with affairs in this section, as well as with the standing and progress of the school referred to. The Indians of this section are poor, and their offspring have limited opportunities for receiving a livelihood or an education—certainly no impetus is received from the parental source. The school at Harbor Springs

is doing a humane and Christian service in that direction by providing both. They have adequate buildings and sufficiently capable teachers. They enroll about 200 Indian pupils, and I believe the average number for the past year has been about 190.

The institution is also provided with printing office and bookbindery, tailor, carpenter, shoe, and bake shops, and in season the boys are also taught farming and gardening. The girls are taught everything that goes to fit them for future life, and both sexes are taught, in addition to the common branches, music, singing, drawing, etc. I have had observation as a legislator of the State Industrial (Reform) School, which is maintained by the State, where they enroll about 500 boys. It is regarded as a magnificent, well-managed institution, and while the Harbor Springs plant is smaller, the general plan and work compare favorably. The children are sent out well equipped for life's work.

If this statement will assist in encouraging you to provide necessary means for the maintenance of the institution for the present and for the future it will be assistance worthily granted.

PHILIP B. WACHTEL, *Postmaster.*

To the honorable ASSISTANT INDIAN COMMISSIONER,
Washington, D. C.

LETTER OF A. J. SOUTHARD, POSTMASTER OF HARBOR SPRINGS.

HARBOR SPRINGS, MICH., November 26, 1894.

DEAR SIR: I wish to call your attention to the Indian industrial school of this place, which I consider a model for the purposes for which it is intended. I am informed that they only receive an allowance for 95 scholars while they are feeding, clothing, and educating nearly 200.

I wish to urge upon you the importance of strengthening this school if the Government proposes to do anything for the Indian's education. The school is giving them practical training in the different trades and occupations besides a good literary course. They have a printing office, tailor shop, shoe shop, carpenter shop, laundry, and other practical and instructive departments besides the school proper, and are training the young Indians up to be sober, industrious, and useful citizens instead of worthless savages.

I have been a member of the school board in this village for years, and I wish to say that our common schools are of no practical benefit to the Indians, and we are unable to secure their attendance, and if we did our course of instruction is not adapted to their needs. I know of no other possible way of doing so much for the rising generation of Indians as through the school established here or of spending the same amount of money for them that would accomplish nearly as much good.

I would be thankful for anything you could do for the school.

Yours, respectfully,

A. J. SOUTHARD.

Hon. T. A. E. WEADOCK.

HARBOR SPRINGS, MICH., November 30, 1894.

DEAR SIR: It gives me great pleasure to commend to you the good work being done here in the Indian industrial school, under the auspices of the Franciscan Fathers and the Sisters of Notre Dame. I have lived here for the past fourteen years and my business has brought me in contact with the Indians almost constantly, being in the law and real-estate business.

I know how they live and how they bring up their children, and it is a perfect godsend for their children to be placed in some school where they can be taught to be virtuous, kept clean, well fed, kept away from bad influences, acquire some book knowledge, and be taught some useful occupation.

The school I have referred to is doing this kind of work and making good citizens out of what would otherwise be the vicious and depraved element in society. At the present time the school has an enrollment of 190, while the Government only helps support about 95. Unless increased help is given, the school will be seriously crippled in its usefulness and a good many of the pupils will have to go back to the bad influences of their home life. I prepared myself for the life of a teacher and taught seven years and can appreciate the good being done in the school, especially in the line of manual instruction, thus preparing its pupils for the useful occupations of life. I trust you can aid the school by getting increased appropriations for it.

Yours, very truly,

A. L. DEUEL,

Ex-County Commissioner of Schools.

Honorable COMMISSIONER OF INDIAN AFFAIRS,
Washington, D. C.

To the Honorable COMMISSIONER OF INDIAN AFFAIRS,
Washington, D. C.:

We, the undersigned citizens of Harbor Springs, Mich., recognizing the good that is being done in the Indian industrial school of this place under the auspices of the Franciscan Fathers and the Sisters of Notre Dame, would respectfully request you to recommend that an increased appropriation be made to aid said school in carrying on its good work. We believe an allowance is now made for taking care of and educating 95 out of 190 pupils, and unless the school gets some additional help a great many of the children will have to be sent back to the poverty and destitution of their homes. The school is doing a noble work, not only giving the pupils a good book knowledge, but giving them good manual instructions, thus fitting them for useful occupations in life. Bookbinding, carpentering, shoemaking, tailoring, and typesetting, and breadmaking are taught.

Hoping that the way is clear for you to aid the school in extending its usefulness, we are,

Very truly, yours,

A. L. DEUEL,

Ex-County Commissioner of Schools.

W. F. CLARKE, *"The Clothier."*

FRANK F. FOSTER,
President of Harbor Springs.

Mr. DUNN. With the permission of the gentleman from Michigan, I will ask the gentleman from Indiana this question: Is it not a fact that those Indians are the wards of the United States Government by former treaties?

Mr. HOLMAN. There is no treaty that makes them our wards. We treat them as wards of a nation by providing for them, but there is no treaty which makes them wards of the nation, except to the extent that we agree to furnish money for feeding, educating, and clothing them.

Mr. DUNN. Are we not morally bound to provide for those people?

Mr. HOLMAN. Well, upon the whole, everything considered, I think we are.

Mr. DUNN. Now, if you take away one-fifth of the appropriation, then there is one-fifth of our moral obligation that we do not perform, but leave charity to perform it for us.

Mr. HOLMAN. We do not take away one cent of what is required by the moral obligation. The appropriations in this bill cover everything that has been deemed necessary except those provisions that operate in favor of white people.

Mr. WEADOCK. Let me say to the gentleman from Indiana that it seems to me that, instead of providing for only 95 Indian children in this case, the appropriation ought to be increased. When the Government of the United States has not seen fit to erect a school of its own at that place, where there are so many Indians, and when, although the place is within the pale of civilization, the Government has made no provision for educating these Indian children in the public schools, it seems to me that instead of making a reduction of 5 per cent the appropriation ought to be increased to include all of those Indian children, and I think that should be the rule, so that in every place where there are Indian children, either in the Government school to be established and maintained at the expense of the General Government or in a private school already established, every Indian child desiring or requiring an education of the one kind or the other, industrial or literary, should have an opportunity to obtain it.

Mr. DUNN. And without the aid of charity.

Mr. HOLMAN. I would remark to my friend from Michigan that the presence of large numbers of Indian children at these schools is very common everywhere. Charitable people feel interested in the Indians and contribute money for their support and education at other schools, as in this case; so that this is not an exceptional instance.

Mr. PICKLER. Will the gentleman from Michigan allow me a word?

Mr. WEADOCK. Certainly.

Mr. PICKLER. The gentleman from Indiana [Mr. HOLMAN] believes that all these Indian children should be educated on the reservations, and therefore he is opposed to appropriations for such schools as that which the gentleman from Michigan has been speaking of. As far as I am concerned, I am glad that the people of the East are interested in these Indian schools, and while I do not want to increase the number of Government schools in the East, I am in favor of protecting and maintaining those that are in operation and doing the work.

Mr. WEADOCK. What the gentleman has said would be an excellent answer if there was a school on this reservation or at this place, but there is not, and unless these Indian children go to the school of which I have spoken, or go to the public schools, which they will not do, they can not go to school at all.

Mr. HOLMAN. I wish to say, in connection with the remark of the gentleman from South Dakota, that I do not believe you will ever succeed in educating these Indian children until you educate them all, and to do that you must have the schools in their midst so that the fathers and mothers will be influenced in a general way by the education which you impart to the children.

Mr. WEADOCK. And you do not improve them by taking them thousands of miles away from home and placing them among strangers. They ought to be educated at home.

Mr. HOLMAN. You do not improve them at all by taking them away.

Mr. WEADOCK. Now, Mr. Chairman, instead of this method of doing away with the contract-school system by attrition, would it not be ever so much better to fix a certain time in the future at which the Government shall take care of and educate all these Indian children in its own schools? Do not provide that a certain number of children, a certain arithmetical per cent, shall be deducted from this or that school year by year, but provide that at a certain time the Secretary of the Interior shall have procured or established Government schools, which thenceforth shall take the place of the contract schools. Would not that be infinitely better than dribbling at the question in this fashion?

In this manner you would have a definite plan to operate upon. It certainly can not be claimed by anyone familiar with the principles either of law or equity and desiring to see them enforced by this legislation that charitable men and women should be encouraged for twenty-five years to give their money for the purpose of establishing these schools, until the investment has reached a million and a half of dollars, and then that an arrangement should be adopted by which all this property is to be rendered entirely useless. That is the contemplation of this bill—

Mr. HOLMAN. Oh, no; the bill contemplates—

Mr. WEADOCK. Wait a moment. I say that is the effect of the bill, because in no part of it is there any provision to enable the Secretary of the Interior to purchase the buildings already erected. Now I yield to the gentleman from Indiana [Mr. HOLMAN].

Mr. HOLMAN. I admit that the clause appropriating the \$40,000 does not now contain the word "purchase," but it can be placed there.

Mr. WEADOCK. I am not referring to that. I am bearing in mind the statement which the gentleman from Indiana [Mr. HOLMAN], the chairman of this committee, made yesterday, that the omission of the word "purchase" was a clerical error. But he will remember that the amount is only \$40,000 for construction and repair of all the Indian schools throughout the United States. Why, sir, we raise three or four times that amount in some of the small towns of this country for the purpose of construction and repair of school houses.

Mr. HOLMAN. Let me say to the gentleman that we appropriate in a single paragraph of this bill \$1,124,350 for general educational purposes; and I see no reason why a provision for purchase should not be included, so as to give greater latitude to the Secretary of the Interior and the Commissioner of Indian Affairs, and to allow them to expend in the purchase of these various institutions which have been established over the country such portions of that large sum as may seem proper.

Mr. WEADOCK. That is why I said that I thought the chairman of that committee would probably agree to my amendment, which provides that of this sum of \$1,203,060 which the Secretary of the Interior estimates it will cost to construct schoolhouses, one-fifth be appropriated this year to take the place of the one-fifth that you have cut off from these other schools. I can see no objection which the chairman of the committee can urge to this proposition.

My objection to the bill is that it leaves this matter entirely too much to the discretion of the Secretary of the Interior, who in turn will leave matters largely to the discretion of the Commissioner of Indian Affairs. The House in framing a bill of this kind should fix it so that there shall not be too much latitude for construction, and so as to insure that the legislative intent shall be properly carried out.

Mr. SMITH of Arizona. While my views are largely in harmony with the suggestion of the gentleman from Michigan, I wish to ask whether, if we do not place a pretty liberal discretion in the hands of the Secretary of the Interior or some executive officer, the result might not be, under the gentleman's amendment, that a school which the Government should never purchase on account of its surroundings, being confessedly at the wrong place, may be forced upon the Government?

Mr. WEADOCK. No, no. I do not wish an amendment in that shape. I wish the Secretary of the Interior to have abundant discretion in every case as to whether he shall purchase or build. I do not want him to be put into such a position that he shall be obliged to buy any building, whether he desires to do so or not. I wish him to have the discretion so that he may buy or not, as he sees fit. I have confidence in the fairness and integrity and good judgment of the Secretary of the Interior. I assume that if he can buy a building already erected—perhaps which has existed for more than a quarter of a century under this policy—if he can buy such a building in the right place for the education of the children, and at a fair price, he will purchase it instead of constructing a new one.

Mr. SMITH of Arizona. He should do so.

Mr. WEADOCK. Certainly.

Now, I want to go further and address myself to another feature of the bill, to which I shall offer an amendment. The bill proposes to appropriate this year 80 per cent of the amount appropriated last year for the purpose of carrying on Indian education and contract schools; but that matter is left entirely to the discretion of the Secretary of the Interior. He need not make a single contract unless he sees fit to do so. It rests with one officer to say, as soon as this bill becomes a law, that he will not renew any of those contracts. This, it seems to me, would not be fair or proper. Hence I shall offer an amendment similar to—nay, in the very words of one which was offered and adopted to the Indian appropriation bill in the Fifty-first Congress (and that will commend it to the gentleman from South Dakota), an amendment providing that a certain proportion of this 80 per cent shall be spent upon this class of schools—not naming them necessarily—upon schools with which the Indian Bureau now has contracts.

The gentleman from Indiana says that that is the fair purport of the bill. It may be so; that may be the opinion of the gentleman from Indiana; it may be the opinion of the Indian Committee and the members of this House. Yet unless some such amendment be adopted it will rest with the Secretary of the Interior or the Commissioner of Indian Affairs (who seems to be somewhat susceptible to pressure in these matters) to say whether or not he will carry out this legislative intention. The amendment I have referred to was incorporated in the Indian bill passed during the second session of the Fifty-first Congress:

Provided, That at least \$535,000 of the money appropriated for the support of schools under this act shall be used exclusively for the support and education of Indian pupils in industrial and day schools in operation under contracts with the Indian Bureau.

The bill in its present shape is wrong, because in effect it discriminates against a large number of the best, most successful, and hitherto flourishing educational institutions in the Indian service on strictly religious grounds. In so doing it closes the door of education to an army of Indian children for whom there is no other present provision and leaves them to become victims of the obnoxious policy of farming them out to settlers, among whom they are not always, nor perhaps in a majority of cases, gently treated nor improved morally or mentally. The Catholic Indian schools have capacity for the accommodation of Indian pupils considerably beyond the number the Government now allows them. Would it not be a disgrace to the country that these children should be left without the means of improvement merely to satisfy a fanatical, intolerant, un-American outcry against the schools of one Christian denomination?

Since the advent of Commissioner Morgan, the Administrations of Mr. Harrison and the second of Mr. Cleveland have appeared to ignore all rights and equities presumed to be possessed by the persons and religious bodies who, years ago, responded to the invitation of the Government, extended through General Grant and his successors, to assist in civilizing the Indians.

They have seemed to forget that in General Grant's time the United States had come to regard its former Indian policy of brute force and cruel repression as a mistaken and immoral one and a political failure, and had become urgent that the Christian administrations of the country generally should try what denominational missionary work might accomplish. Thus the missionary policy was established, and its splendid results in the elevation of the Indian and the growing peace of the frontier elicited the gratification and praise of all the Presidents, Secretaries, and Indian Commissioners down to Harrison and Morgan. Praise was lavished on the public-spirited citizens who had furnished money for the erection and equipment of these mission schools. Their philanthropy was extolled, and gracious promises of countenance, moral support, unlimited contracts, and national protection were held out to all who would emulate their noble example.

In these days of peace and good will no one could have believed that any administration of whatever party would undertake to break the plighted faith of the nation to the people who had undertaken the missionary and educational work itself had urged them to. Down to the Morgan era no one could have supposed that any sectarian question could be successfully injected into a policy which was utterly devoid of sectarianism, because it gave to every Christian denomination the common right to enter the field and to do as much as it pleased, or was able, for the material, mental, and spiritual welfare of the Indians.

The spirit of fanaticism and bigotry introduced into the problem by Morgan, aided by obnoxious outside influences, has seemed potent enough to obscure all memory of the faith and pledges of the nation; of the rights and equities of those who have reared the fabric of Indian education, now marked for demolition; or of the great and lasting good accomplished by these mission schools.

Intolerance devotes them to destruction in the name of non-sectarian education, indifferent to right, justice, equity, history, or achievement; indifferent to universal testimony of Indian inspectors to the effect that the Catholic Indian schools are all good, give full satisfaction, and are and always have been a credit to themselves and the service.

It seems to me that there can be no valid objection to incorporating it into law, to make that definite and certain which is now indefinite and uncertain, and insuring in this way as far as we can that the legislative intent in making the appropriation shall be carried out.

Mr. BROSIUS. If the gentleman will pardon me, I want to understand his point. I do not think I apprehend correctly his position. Do I understand that you propose to restrict the Secretary of the Interior in making his contracts for the coming year to those institutions with which contracts have been made in the past for this purpose?

Mr. WEADOCK. The bill practically does that now.

Mr. BROSIUS. What portion of the bill does the gentleman refer to?

Mr. WEADOCK. I refer to page 50. But I make it certain and definite by the amendment I offer. The bill provides:

For support of Indian day and industrial schools, and for other educational purposes not hereinafter provided for, including pay of draftsmen at \$1,200 per annum, to be employed in the office of the Commissioner of Indian Affairs, \$1,124,350.

Mr. BROSIUS. Where are you reading from?

Mr. WEADOCK. I was reading from page 50 of the bill, and had read down to the twelfth line.

Provided, That the Secretary of the Interior may make contracts for the education of Indian pupils during the fiscal year ending June 30, 1896, to an extent not exceeding 80 per cent of the amount so used for the fiscal year 1895, and each succeeding year he shall proportionately so reduce the amount thus used that at the end of five years from the date on which this act goes into effect all contracts for such education shall cease.

Now, it is stated by the gentleman from Indiana as his understanding of the bill that the Secretary of the Interior may renew or make the same contracts to that amount—that is to say, to 80 per cent of the amount used for the fiscal year 1895.

Mr. BROSIUS. I do not understand the gentleman from Indiana to make any such proposition or suggestion. Certainly there is no warrant for it in the language of the bill. It would be a restriction, I think, that no representative body like this would like to impose on the Secretary of the Interior. For example: Suppose an institution—one of these institutions with which contracts have been made—should turn out to be wholly inefficient, or should break up, and it would become necessary to make a contract with some other institution; under that interpretation, as I understand you, this power would not be lodged in the Secretary of the Interior, and he could not make a new contract.

Mr. WEADOCK. The suggestion of the gentleman answers itself. If you employ a man to work for you, and he dies, you employ another.

Mr. BROSIUS. But you say that there is a restriction in the bill which would prevent the Secretary of the Interior from making a new contract with any other institution.

Mr. WEADOCK. The gentleman from Pennsylvania misunderstood my statement.

Mr. BROSIUS. Well, I am very glad to know that I have misunderstood the gentleman, because I could not help thinking it a singular and unwarranted position.

Mr. WEADOCK. The bill itself provides by name certain institutions as, for instance, the Haskell Institution in Kansas, the Carlisle School in Pennsylvania, the Hampton School and other institutions for which it makes specific appropriations. The bill also allows the Secretary of the Interior to make contracts with whom he sees fit to the extent of 80 per cent of the appropriations for that purpose used in the preceding year.

Mr. PICKLER. And that is all the restriction there is in the law?

Mr. WEADOCK. Certainly. But the gentleman from Indiana says it is the legislative intent in passing the bill that he will make the contracts with the same schools. Now, it is not contemplated, of course, that new schools will be started with which contracts may be made. There are only certain people now engaged in this business with whom contracts could be made—

Mr. BROSIUS. If the gentleman will pardon me, the very point I made inquiry about was whether, in the opinion of the gentleman, the Secretary of the Interior was restricted in his contract to the institutions with which the contracts had been made in the past. The answer of my friend, as I understood him, was that the bill substantially so provided. Now, if I was misled in my understanding of the gentleman's response I was misled by the gentleman himself.

Mr. WEADOCK. The gentleman from Pennsylvania will bear in mind that my answer to his inquiry included both the construction of the bill by the gentleman from Indiana and the bill itself. I think the bill is open to objection that it is leaving altogether too much to the discretion of the Secretary of the Interior in regard to a matter of this character.

Mr. BROSIUS. My understanding of the bill, as it is drawn, is that it restricts him in the expenditure of the appropriation specified to contracts already existing—

Mr. WEADOCK. Or to the renewal of them. That is right.

Mr. BROSIUS (continuing). But that he is at liberty to make new contracts with other institutions, if it shall become necessary.

Mr. WEADOCK. Certainly. But my amendment is that he shall be restricted in this way to schools already in existence, and with which contracts have been heretofore made.

Mr. PICKLER. That would compel him to engage those schools up to the extent of 80 per cent of the appropriation for the preceding year.

Mr. WEADOCK. Exactly.

Mr. PICKLER. Suppose that it was not desirable to do so, or that the schools had not been satisfactory, or for other reasons such contracts should not be made?

Mr. WEADOCK. I will state to the gentleman that the amendment I propose to offer is exactly similar to an amendment which was passed at the second session of the Fifty-first Congress.

Mr. BROSIUS. That is the very point I raised. Suppose one of these institutions becomes inefficient and fails?

Mr. WEADOCK. That answers itself. Of course, in the discharge of any duty any officer has a discretion to do that duty properly.

Mr. BROSIUS. Not if he is prevented from doing so by express stipulations in the law.

Mr. WEADOCK. Well, that presupposes that a contracting party is in a condition to contract and in a condition to fulfill his contract.

Mr. BROSIUS. Where the law contains express provisions it

presupposes nothing but what it expresses, and if there is a mandatory limitation in the law it is idle to say that the Secretary may violate those limitations when the necessity exists for doing so.

Mr. WEADOCK. I do not agree with the gentleman. Suppose we should provide in the District of Columbia bill that a hundred poor people shall be maintained at a certain hospital in this city. Will the gentleman contend for a moment that if that hospital should burn down, or they could not take care of people there, it would still be binding on the Secretary to have the people cared for there instead of somewhere else?

Mr. BROSIUS. I do not know that it would.

Mr. WEADOCK. Certainly not.

Mr. BROSIUS. But that is not a similar case at all.

Mr. WEADOCK. And if they do not properly take care of these children—

Mr. BROSIUS. The illustration illustrates nothing, because the conditions are totally dissimilar. Let me try to make it plain to my friend, if I do not trouble him too much.

Mr. WEADOCK. Not at all, sir.

Mr. BROSIUS. If this limitation means anything it means that the Secretary is compelled in making his contracts to contract with the institutions already sustaining contractual relations with the Government.

Mr. WEADOCK. It means just that.

Mr. BROSIUS. Very well now. Your suggestion, as I understand it, is that in making the contracts he shall be limited to the same institutions. Now, my objection to that is that one or more of those institutions may fail to serve its purpose. In that event ought not the Secretary to have the discretion to make a contract with some other institution and let the old one fall?

Mr. WEADOCK. He would have that discretion under this amendment.

Mr. BRICKNER. That was done under the provision adopted in the Fifty-first and in the Fifty-second Congresses.

Mr. WEADOCK. Now, I desire to read this amendment which I have referred to:

Provided, That at least \$228,200 of the money appropriated for the support of schools in this act shall be used exclusively for the support and education of Indian pupils in the industrial and day schools in operation under contracts with the Indian Bureau.

That amount would be 80 per cent of the amount appropriated in the last bill.

I simply want to pin it, so that what is apparently proposed to be done in this bill shall be done. Of course, if a school does not fulfill its purpose, if it is not a proper school, if it is not properly located, if it does not carry out its contract and educate these children as they should be educated, according to the judgment of the officers whose business it is to supervise that work, then I want no contracts made with them, and under this amendment, according to my understanding of the law governing this subject, there would be no contracts with them.

Mr. BROSIUS. Would it be too much trouble to read that amendment again?

Mr. WEADOCK. I will hand it to the gentleman.

Now, if it is the intention of this bill to appropriate this sum for the purpose of maintaining these children in these schools, certainly there can be no objection to making that specific and definite in the law. If any gentleman thinks that any additional safeguard is needed, either for the protection of the Government or for the securing of education for Indian children, that may be offered by way of amendment to this amendment or to other portions of the bill.

But to recapitulate and conclude, let me state that all these people desire who have been interested in this charitable way in this question of Indian education, all that fair-minded people and fair-minded legislators should desire, is that when investments have been encouraged by a policy of the Government so long established as this, when these investments have been made in good faith, when this education furnished at these schools has been good and for the benefit of the Indians, as testified by all who are acquainted with them, then we should not either indirectly or directly ruin the value of this property and injure the Indians in the manner in which I think they will be injured if the particular idea is carried out in the manner suggested.

Let the Government provide suitable education for all the Indian children in these Government schools at Government expense, but in doing that let it not do rank injustice to charitable people or investments already made on the encouragement, approval, and good faith of the Government, and if that is done no person certainly will have the right to complain.

At this point I desire to call the attention of the committee and the country to the deliberate and willful misstatements that have been disseminated by malicious fanatics in reference to the Indian appropriation bill of last year. That bill, H. R. 6913 of 1894, making appropriations for current and contingent expenses of the Indian Department and fulfilling treaty stipulations with various

Indian tribes for the fiscal year ending June 30, 1895, was introduced by the Committee on Indian Affairs, Judge HOLMAN of Indiana being chairman, on May 1, 1894. (RECORD, page 5143.)

The bill was debated briefly by Mr. LYNCH, of the Indian Committee, and others.

The first vote on the contract schools came on the motion of Mr. HULL of Iowa to strike out the school named "St. Boniface's Industrial," at Banning, Cal., which would have had the effect of defeating any appropriation for that school.

On Friday, June 15, a special rule was adopted providing for a vote at 3.30 p. m. that day, which time was extended to the next day at the same hour. The rule was adopted by 176 to 76.

The Hull amendment was defeated, 20 to 57. (RECORD, page 7587.) On June 17, Mr. GEAR of Iowa, after the bill had been reported by the Committee of the Whole House, moved to recommit the same with the following instructions:

Resolved, That the bill (H. R. 6913) "making appropriations for current and contingent expenses of the Indian Department and fulfilling treaty stipulations with various Indian tribes for the fiscal year ending June 30, 1895, and for other purposes," be recommitted to the Committee on Indian Affairs, with instructions to report the same back to the House forthwith, amended as follows:

Striking out all of the bill relating to the Indian school, beginning with line 8, on page 50, and all of pages 51, 52, 53, 54, 55, 56, 57, and 58, and inserting in lieu thereof the following:

"For support of Government Indian day and industrial schools, and the erection and repair of Government school buildings on Indian reservations and at places where the Government has established and is now maintaining Government Indian schools, and for each and every purpose necessary in the judgment of the Secretary of the Interior for the establishment and proper conduct of such schools, \$2,225,000: *Provided*, That pending the establishment of such schools on Indian reservations, the Secretary of the Interior may, in his discretion, during the fiscal year 1895, authorize contracts to be made with established schools not conducted by the Government, for the education and support of Indian pupils, and to pay therefor from this appropriation; and the Secretary of the Interior shall report to the first regular session of the Fifty-fourth Congress, in detail, all expenditures made and authorized by him under this appropriation: *Provided further*, That nothing herein shall be construed to prevent the sending of Indian children, at no expense to the United States, to schools not conducted by the Government."

Mr. O'NEIL of Massachusetts made a point of order against the instructions. Mr. O'NEIL of Massachusetts. I make the point that it is new legislation and not in order; that it changes existing law and does not retrench expenditures.

The SPEAKER. It seems to the Chair that this is new legislation on the subject of Indian schools. Does the gentleman know of any provision by which such legislation may go on an appropriation bill except when it reduces expenditures?

Mr. CANNON of Illinois. Wherein does it legislate?

The SPEAKER. It provides—

Mr. CANNON of Illinois. It appropriates.

The SPEAKER (continuing):

"For the support of Government Indian day and industrial schools and the erection and repair of Government school buildings on Indian reservations and at places where the Government has established and is now maintaining Government Indian schools, and for each and every purpose necessary, in the judgment of the Secretary of the Interior, for the establishment and proper conduct of such schools, \$2,250,000."

And then it says:

"That pending the establishment of such schools on Indian reservations the Secretary of the Interior may, in his discretion, during the fiscal year 1895, authorize contract to be made with established schools."

That authorizes him to make temporary contracts for the establishment of schools.

Mr. CANNON of Illinois. Yes, sir. May I call the attention of the Chair to one thing, because I think the Chair has not examined it or the bill itself. This resolution provides for all the Government schools that the bill provides for and for a part of the contract schools temporarily that the bill provides for, the Chair will find; and if there is legislation in one there is legislation in the other. And the Chair will find, further, that there is only appropriation in either.

Mr. BURROWS. These contract schools are already provided for by law.

The SPEAKER. These are contract schools; but this proposes to give permission to make contracts with other schools.

Mr. CANNON of Illinois. Ah, but this provides for contract schools in any degree if no Government school be near.

The SPEAKER. Then you propose legislation to go beyond this appropriation?

Mr. CANNON of Illinois. Oh, no.

The SPEAKER. It must be one or the other.

Mr. CANNON of Illinois. We do not legislate at all in that resolution within the meaning of Rule XXI. We only provide in that instruction for the expenditure of the money appropriated here for the coming fiscal year, nothing more or less, and no broader in that respect than the bill itself.

The SPEAKER. As the Chair understands it, under the present law, under provisions contained in appropriation bills, the Government is engaged in supporting the education of Indians by contracts with existing schools.

Mr. CANNON of Illinois. And by Government schools and contract boarding schools.

Many millions of people entertain the ideas which I have so imperfectly expressed upon this subject.

I appeal to the American Congress for fair treatment to the worthy men and women who, amid privations in the wilderness, are giving their lives to civilize and educate the Indian children, and I appeal especially to the majority in this House, representing that great party that has always opposed that bigoted, ignorant, un-American clamor which now assails the most useful Indian schools we have ever had, to still oppose such attacks against any portion of that great body of citizens which constitutes the free Republic of the United States.

The Currency.

SPEECH

OF

HON. W. BOURKE COCKRAN,

OF NEW YORK,

THE HOUSE OF REPRESENTATIVES,

Saturday, January 5, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. COCKRAN said:

Mr. CHAIRMAN: The disposition which has been developed during the progress of this debate, to treat the regulation of our currency as a party question is likely to wreck a measure of great importance to the American people on the rocks of political expediency. For my part, I confess at the outset that the vote of confidence which the people gave my party in 1892 has been reversed by the later vote of 1894, and I do not think the constitutional provision which preserves this House alive until the 4th day of March contains any moral warrant for legislation of a partisan character. Under our system of Government the existence of each Congress is prolonged long after its successor has been chosen because it is essential to the security of our institutions that the electoral vote be counted by a recognized authority in full operation. I do not believe the precautions which have been adopted to secure the public tranquility justify an attempt at party legislation by a majority which has been condemned at the polls and which has been allowed to survive solely through a constitutional necessity. I asserted this principle after the election of 1890; I confess it now after the election of 1894.

If this question is to be treated as a party question through the belligerency of either side of this Chamber, I believe it would be better to drop it now, rather than disturb the recuperative tranquility of our sorely tried industrial system by an agitation without prospect and a debate without result. I have taken the floor to ask the impartial attention of the House to the nature of money and currency, in the hope that I may persuade both sides of the Chamber that this question cannot be treated according to political exigencies, but must be dealt with according to those immutable laws which govern the productive capacity of all mankind. If this House shall succeed in establishing our monetary system upon some plan consistent with human experience and human reason, its remaining days will not be without profit and its end will not be without honor.

Ever since man has accumulated property he has established government for its security, but the manner in which the functions of government are to be exercised, the distribution of its powers, who shall make the laws, by whom they shall be executed, to whom the sword shall be trusted, in whose hands the scales of justice shall be held, the precise limits inside which government is protection, beyond which it is tyranny—all these are questions on which the opinions of men have divided ever since the birth of civilization. They are the proper subjects of political contention because they are matters entirely within the control of men. In adding to the sum of human knowledge by experiments in the adjustment of these powers parties are the most effective agencies. But surely an attempt to divide the opinion of the American people on the prospects of the crops, on the character of the weather, on their preference for a dry or for a rainy season, or upon any of those subjects which are above and beyond the control of man, would be considered the vaporings of a lunatic rather than the suggestions of a statesman. [Applause.]

Now, the economic laws which govern industrial production are just as immutable as the laws which govern the course of the seasons or the state of the weather. No law which we may enact can either control or affect them. To defy them is to invite ruin; to obey them is to enjoy a proportion of these blessings by which the God of mercies fructifies human labor.

I appeal, then, to gentlemen on both sides of this Chamber to consider this matter strictly in its economic aspects. Political disputes among those charged with the treatment of a dangerous financial condition would be as wicked and as indefensible as political disputes among firemen before the blazing walls of a crowded building or between physicians at the bedside of suffering and sinking humanity.

The tendency of political parties to frame their platforms on the assumption that Government can control the operation of economic laws is an extraordinary feature of popular government. I can account for it only on the theory that for the last generation the people have been confused and misled by high-sounding and

sonorous but empty and meaningless phrases. For fifteen years, aye for twenty years, we have been regaled with disquisitions and elaborate discourses upon "the stealthy crime of 1873," upon the rights and the wrongs of silver, upon the "duty of Government to supply an elastic currency sufficient in volume for the growing needs of our rapidly increasing population," on the "duty of Government to fix a ratio between silver and gold, either by international agreement or by domestic legislation," and a host of other vague, pretentious, incomprehensible expressions from which the human mind has shrunk in doubt, if not in terror. [Laughter.]

Mankind has always loved mystery. During recent years economic science has been so beclouded by turgid rhetoric that whoever professed to hold the key to its mysteries was accepted as a statesman by a weary and mystified people. As the magicians of the middle ages plied their craft by outward signs and formulas which terrified the multitude and through their terrors fascinated them, so these magicians of political economy have puzzled the people by vaporous platitudes, and by confusing the popular intelligence they have succeeded in perverting the popular judgment. The necromancer of old, stern visaged and solemn, wrapped in a mantle, lined with cabalistic figures, was no more extraordinary a personage than the necromancer of modern politics, loquacious and illogical, holding in his hands reams of paper covered with unintelligible and nonsensical phrases. The alkahest was no more absurd a conception than the "double standard of value." The astrologer's jargon of transposed syllables and bogus Latin was no more ridiculous than some of the orations with which the latter-day political astrologist has amused himself and confounded his auditors. [Laughter.]

In this age of scientific achievements we are apt to look back with pity on the generations which accorded occult powers to Nostradamus, and were awed by the quackeries of Cagliostro, which allowed their daily affairs to be controlled by the prognostications of impostors and believed incantations to be more effective than labor, yet our contempt should be modified, our charity broadened, and our sympathy quickened when we survey the condition of this country to-day. We behold our finances disordered, our production restricted, our prosperity blighted, our industry paralyzed because this highly intelligent nation has surrendered the control of its legislation to a miscellaneous crowd of charlatans, some of whom declared that the condition of the laborer was improved when his wages were paid in a bad dollar instead of a good dollar; while others insisted that taxation was the hand-maiden of prosperity, and that commerce flourished in proportion to the burdens which were imposed upon it.

Mr. Chairman, it is undoubtedly disheartening and unpleasant to put aside the mantle of greatness—to descend from the sonorous heights of incomprehensible platitudes to the plain level of everyday speech. Yet as my friend from Missouri [Mr. BLAND], who in his castigation of the gentleman from Louisiana proved himself to be as stern in discipline as he is robust in faith, and my friend from Nebraska [Mr. BRYAN], who insists that the silver cure is the one sovereign specific for the ills of commerce, will, like myself, within a very short time abandon the outer and stormier corridors of statesmanship for the inner and quieter temple of jurisprudence, surely all three of us might consent to doff the mystic garb of occult science with which we have been wont to awe our fellows into silence, if not into respect, and in the plain language of plain citizenship discuss a palpably pregnant evil and endeavor to agree on some means to avert it. [Laughter.]

Mr. BLAND. Will the gentleman allow an interruption just there?

Mr. COCKRAN. Not now.

Mr. BLAND. I understood that we were to have prosperity when we repealed the Sherman law last summer?

Mr. COCKRAN. Mr. Chairman, I did not intend to yield, but the gentleman from Missouri, always illumines every question that he examines, even when he does not intend to unveil the full light of his intellect. [Laughter.] I thank him for his interruption. I challenge the gentleman from Missouri to point out a word of mine which prophesied that the repeal of the Sherman law would bring prosperity to this country. It is the province of the quack and the charlatan to pretend that prosperity can be created by legislation; that any party, faction, or leader possesses a secret by which wealth can be produced through any other force than the industry of man.

I do not propose to begin this discussion by assuming to be better or wiser than my fellows, but to set out with the declaration that there is nothing new nor mysterious nor difficult in political economy.

There is nothing in the laws governing the trade of a country different from the laws which govern the trade of an individual, for the commerce of a country is but the commerce of the individuals that compose it. I do not claim to have discovered any new principle. When the merciful God told the first man that in the sweat of his brow he must eat his bread he revealed to him and to

all his posterity the whole economic law governing production—the one infallible rule by which industrial prosperity can be achieved. [Applause.]

All wealth must be created by human toil. Government can never be a producer. It consumes, but it can not create. What it gives it must take. Government can not therefore be generous and just at the same time, for to be generous to one it must be oppressive to another. The government that does equal and exact justice to all, that conserves to every man the bread which in the sweat of his brow he has kneaded, is a government based upon the word of God and the law of nature; its foundations are indestructible, its limitations are salutary, its operations are always beneficent. [Applause.]

A measure has been reported to this House providing for a new system, or at least purporting to provide for a new system, of circulating notes, and at the threshold of the discussion we hear so much that is childish, so much that is puerile, so much that is incomprehensible about banks and currency, that I must ask the attention of the committee to the fundamental principles governing the functions of money.

The operation of every dollar can be illustrated by the operation of one dollar as it moves and circulates in the course of a single day—if the House will allow me to repeat here an illustration which I used in discussing the repeal of the Sherman law.

Let us assume that a man leaving his house in the morning takes from his pocket a dollar, and with that dollar purchases a beefsteak. The butcher with that same dollar purchases a knife at the cutlery store. The cutler goes to the dry-goods store and purchases a dollar's worth of dry goods; the dry-goods merchant goes to the stationery store and purchases a dollar's worth of stationery; the stationer goes to lunch and pays a dollar for a meal; the hotel or restaurant keeper goes to a bookstore and buys a book for a dollar; the bookseller goes to a haberdasher and buys a dollar's worth of neckties; the haberdasher goes to the baker and buys a dollar's worth of bread; the baker goes to the grocer and buys a dollar's worth of tea; and the grocer goes to the wine merchant and buys a dollar's worth of wine, each of these persons in turn making use of the same dollar. Here we have ten separate operations performed by that one dollar, and it must be perfectly plain to everybody that at the conclusion of the day ten persons have exchanged commodities equal to the value of ten dollars through the medium of a single dollar.

The exchange of these commodities among these ten persons would not have been promoted, stimulated, or increased in any way if there had been three, four, five, or six dollars performing the functions which that one dollar performed. And as ten dollars' worth of commodities were circulated by that one dollar, so fifty dollars' worth of commodities could have been circulated by it, if its activity were multiplied five times.

Mr. Chairman, the dollar whose movements I have described simply facilitated the exchange of commodities among persons who were strangers to each other. Although the butcher delivered his beefsteak to me he actually exchanged it against the knife of the cutler, by means of my dollar. The cutler did not happen to need a beefsteak. He needed some other commodity. I needed the beefsteak, and through my dollar the beefsteak of the butcher and the knife of the cutler were exchanged. At the end of the transactions I had the beefsteak, the cutler had another commodity, and the butcher had a knife. Now, if there never had been a dollar in existence, some of those commodities would have been exchanged, but the exchanges would not have been so rapid or so numerous. The butcher would have waited until the cutler needed a steak. In the fullness of time the cutler would be compelled to purchase meat. He would then bring his cutlery to the butcher's store, and if the butcher at that time happened to need a knife an exchange of their wares could have been effected.

If all commerce were suspended until each person who produced a commodity should meet a person who needed that precise commodity, and at the same time had a commodity of his own which the first producer needed, trade would be reduced to a very narrow compass, intercourse between men would be greatly restricted, and this would be an age of poverty, of ignorance and decay, instead of—

Mr. HUTCHESON. Will the gentleman yield to a question here?

Mr. COCKRAN. Yes, sir.

Mr. HUTCHESON. The gentleman's argument is perfectly unanswerable if he will simply allow me to introduce an element for him. If a butcher had the dollar with which he paid the haberdasher his argument is unanswerable; but if the butcher had contracted a dollar's worth of debt for the article he was to sell for that dollar, and had to pay it, would he have a dollar to exchange for the next thing he wanted and at the same time satisfy his debt?

Mr. COCKRAN. The gentleman, as I understand him, asks me how one dollar can discharge and perform the functions of two dollars at the same time. The question answers itself, it seems to

me. To do all that the gentleman suggests the butcher would need to sell two beefsteaks for two dollars instead of one beefsteak for one dollar. [Laughter.]

Mr. HUTCHESON. He would have to get more dollars to do it.

Mr. COCKRAN. Not at all. The same dollar through which he had effected one exchange might come back to him in another exchange for another beefsteak. An increase in the number of dollars would do him no good—an increase in the sale of his beefsteaks would be of immense advantage to him. All trade is an exchange of commodities, and money is merely the wheel by which the exchange is usually accomplished. Wheels are not absolutely essential to motion, but they facilitate it. Money does not make trade, but it has wonderfully increased its volume by facilitating exchange. Wheels are of incalculable value to transportation, but to equip a car with more than are necessary to its movement would impede the progress of the vehicle and would be a waste of material. Money is a most important stimulus to trade, but to inflate its volume beyond the needs of commerce is a waste of capital which deranges enterprise and paralyzes industry. There is no profit in exchanging money against money; there is always a profit in exchanging commodities against commodities. If I exchange corn for shoes, the shoemaker makes a profit on the shoes which he sells me, but the exchange is equally profitable to me because it enables me to obtain the shoes for much less than it would cost me to produce them. From what I have said the gentleman who has interrupted me will understand that the prosperity of commerce depends not so much on the volume of money as on its soundness; that the exchange of commodities does not depend so much on the number of circulating wheels as on the efficiency with which each wheel discharges its functions.

Mr. LIVINGSTON. Will the gentleman let us hear him on the double function of money—fixing values as well as the medium of exchange?

Mr. COCKRAN. When the gentleman speaks of money as fixing values and as a medium of exchange he is really stating the same thing in different forms. Money could not be a medium of exchange if it were not a means of fixing or determining values.

Throughout the whole history of the world men have fixed the values of their commodities by fixing the rates at which they would exchange all commodities for some one commodity; that is to say, by a system of equivalence—on the principle that things which are equivalent to the same thing are equivalent to each other. The selection of one commodity among the products of human labor as the standard by which the value of all others should be measured does not in any way affect the value of that particular commodity.

Water is universally accepted as the standard of gravity; that is to say, the substance by comparison with which the weight of any other substance may be measured; but that fact does not increase the weight of any given quantity of water. Value can be measured by gold, silver, copper, iron, lead, or any other commodity. If, for instance, a given quantity of lead be equal in value to five bushels of corn, and the same quantity of lead be equal in value to two bushels of wheat, it is plain that two bushels of wheat are as valuable as five bushels of corn. The equivalence of corn and wheat is thus established with certainty and simplicity. The fact that the value of both cereals was ascertained by comparing them with lead did not in any way affect the value of that metal. If our whole commerce were limited to domestic trade values could be measured by silver as well as by gold. But, since the prices of our staple products are fixed by the prices which they command in markets where values are measured by gold, the crop of the American farmer must necessarily be measured by the metal which is the international standard, no matter what standard of value we had established for our local trade.

Mr. LIVINGSTON. And the crops should be paid for in gold, then.

Mr. COCKRAN. They are always paid for in gold. If the farmer were forced to measure his own product in a commodity of inferior value, while the value of the article he needed was measured in a commodity of superior value, he would be the victim of a monstrous robbery. The only system of legislation which has sanctioned robbery, so far as I know, is the tariff, and that, I am sorry to say, continues oppressive and unjust, notwithstanding the election of this House, which was pledged to its overthrow. [Laughter.]

Mr. Chairman, the purpose of ascertaining the value of commodities is to fix the rates at which they should be exchanged. Money is the means by which values are determined, and that fact makes it the medium of exchange. Trade in its natural form is simply the exchange of all commodities by means of one commodity which we call money. Nobody has ever pretended that trade could be created by government. It can be restricted by government, it can be prohibited by government, but it certainly can not be created by government. Now, money is a feature, an element of trade. In a healthy commercial system it can not,

therefore, be a creation of government; it must be the product of human industry.

Money is a very important feature in facilitating exchange, but as there is no profit in exchanging money against money, while there is a profit in exchanging commodities against each other, everyone engaged in trade seeks to place the largest amount of his capital in commodities and the smallest amount in money. This is the universal law which governs production in all its forms. Steam can not be generated without heat, but the aim of every person who maintains a steam engine is to use the minimum of fuel that will produce a given degree of force. Trade can not be conducted without money, but the aim of commerce is to use the smallest amount of money that will produce the freest circulation of commodities. The smaller the amount of his capital which a man is compelled to keep in the unprofitable form of money the larger the amount at his disposal for the purchase of commodities which yield profits and revenue.

Like all things human, trade is subject to sudden vicissitudes and disturbances. The volume of money necessary to the transaction of business varies with the conditions of commerce. If every trader were forced to keep in readiness the full amount of money which he might at any time need a very large proportion of his capital would yield no profit. In order to economize the amount of money necessary to the operation of trade many men combine their funds in one place of deposit for the double purpose of securing their safekeeping and of increasing their efficiency. Each man's deposit is more than he needs when trade is dull and less than he requires when trade is active. In sudden emergencies one man can borrow from the funds deposited by other men, paying interest for the use of the borrowed moneys. When the conditions which made him a borrower have passed away he repays the loan and restores his own deposit. Other men borrow from his funds when confronted with similar emergencies. The interest paid on each loan is the compensation earned by the depositor for its services in keeping safely the moneys intrusted to it and in apportioning the sums that may be borrowed by each contributor to the fund. This is the operation which we call banking, and which, in its last analysis, is simply a scheme for "pooling" deposits so as to release from the unprofitable condition of money the largest amount of capital that is consistent with the safety of commerce and the maintenance of credit.

By another device bankers have still further economized the amount of capital which traders must keep in the form of money. A bank must always maintain in its vaults as a reserve the funds necessary to meet such of its obligations as may be presented for redemption, and the science of banking is the capacity to correctly estimate the amount of its deposits which may be at any time withdrawn. Money kept as a reserve is not available for loans. The capacity of a bank to accommodate borrowers is therefore equal to the sum of its capital and its deposits, minus the amount kept as a reserve. If a bank be permitted to supplement its supply of money by the use of its own promissory notes it will be able to extend the facilities of its depositors, or, in other words, it will be able to afford them the same accommodation on a smaller deposit by each customer. These papers promises to pay, redeemable on demand, are themselves but a further economy of money. They are not issued for the benefit of the banks, but principally for the benefit of the depositors. Banks can not absorb all the profits of industry. They are the servants, not the masters of commerce. They can find profit only in ministering to the necessities of trade. To promote their efficiency is therefore to widen the scope of enterprise and broaden the field of industry.

For some reason, incomprehensible to me, the banks of this country have provoked violent animosities on the floor of this House which render extremely doubtful the prospects of any legislation intended to increase the scope of their facilities. What reasons have been assigned, Mr. Chairman, for refusing to allow banks to practice economies which are of vast importance to their depositors? I confess I am unable to answer the question. I have listened in vain for any explanation of the reasons which impel gentlemen to treat banks as dangerous foes to the public welfare.

Some gentlemen appear to consider a bank as a veritable bonanza, a mine of endless treasure, a well into which the banker had but to drop a bucket and draw it out full to overflowing with treasure—with profit wrung in some mysterious manner from the sweat of labor, pilfered from self-denial and thrift. I have before me the report of the Comptroller of the Currency, showing the whole profits of the national banks for the year 1894, and they amounted to \$41,955,000, or in round numbers to \$42,000,000. During that period the banks had in their custody and control individual deposits to the amount of \$1,728,418,819. At the same time the actual capital of the banks was \$669,000,000 in round numbers; and their undivided surplus—that is to say, the surplus fund which was additional security for the safety of their debts, their deposits, and their notes—amounted to \$245,000,000. If 3 per cent profit be allowed on the total capital it would amount to twenty million and odd dollars. Deducting

this amount from the \$42,000,000 which they earned, we find that they have been paid for the safe-keeping of the funds of depositors about \$22,000,000. That is to say they have maintained the custody of nearly \$1,800,000,000; they have made that enormous sum available as a capital fund for the productive energies of the whole country; they have moved it from one point of the United States to another; they have placed it here and there, wherever it was needed, wherever it was most effective, wherever it would prove the strongest stimulus to production, and for all this valuable and highly efficient service they were paid less than one-tenth of 1 per cent on the amount of money which they kept faithfully and which they invested prudently.

Mr. COX. Let me call the gentleman's attention to one point right there. While the gentleman's statement may be correct as to the rate of profit which the banks have realized in that direction, he leaves out a very important item in the profits of the banks—the undivided profits charged over on their books as a surplus fund, and going to increase the value of their stock.

Mr. COCKRAN. Mr. Chairman, I have not overlooked that surplus fund; but as it has been in process of accumulation for thirty years; as it now amounts to but \$245,000,000, the gentleman will perceive that it represents a profit of about \$8,000,000 a year during the period which has elapsed since national banks were first incorporated.

Mr. COX. If the gentleman will pardon me one moment more, I will not interrupt him further. When he makes that kind of calculation of the profits of the national banks, it is only fair to recognize the fact that as these undivided profits are passed over to the surplus fund they increase the value of the stocks of the banks all the way through.

Mr. COCKRAN. The gentleman evidently misapprehends my meaning. In the figures which I have given I have not considered the surplus profits. If I should treat surplus profits as part of the capital, the profits of the banks would not equal one-tenth of 1 per cent of the funds in their custody. I am not now discussing any question of profits, but a question of payment for services rendered. And I say that the rate which the depositors of this country—which means the producing masses of our citizens—have paid for the safe-keeping of their moneys, for the management of their capital, for the economies which they have been enabled to practice in the use of money, is less than one-tenth of 1 per cent on the whole amount of the deposits.

Mr. Chairman, if the right to issue notes concerned the banks alone, I would not occupy the time of the House by participating in this discussion. But as banking is one of the forms in which men cooperate to extend their productive power, anything that will increase the facilities and the efficiency of banks must aid and stimulate the industrial production of the country.

The one essential of sound paper money is that it be based on property. By property I do not mean commodities in the narrow or literal sense of the term. I mean assets, commercial assets, quick assets, assets which represent property in existence or property in creation, assets of such obvious and undoubted value that the notes issued against them will be accepted wherever they may be presented. Credit may be defined as the cooperation of men, strangers to each other, in every form of production. Every loan made by a bank is the temporary application of the funds of many men to the enterprise of one man. The note of a manufacturer represents the aid which he has secured from the money capital of his neighbors in the prosecution of his industry. The note of the farmer represents the money of other men by which he was helped to plant his crop. While a note is in process of maturity the growing crop which it helped to plant or the article assuming form in the workshop which it helped to create, is a security for the repayment of the loan. It would be perfectly proper and entirely safe for the bank to issue a note of its own based on the property which through its assistance is in process of creation. By means of that note the bank could make a further loan to the miller who will grind the wheat or to the carrier who will transport the manufactured article, enabling each to discharge with greater efficiency his part in the general scheme of production. Where a bank enjoys this power of issue, and exercises it prudently, it is able to make capital effective for a greater development of trade, for a wider spread of industry. Credit knits men closely together; it makes each man's product a stimulus to the enterprise and the industry of every other producer, and the Government should place no restraint upon a force so beneficent as this except the requirement that it shall be exercised within the limits of prudence. Like every great force credit may be abused and its abuse leads to disastrous results. Supervision by the Government is a check to fraud and recklessness and it should be vigilantly exercised. But the Government has no right to interfere with this branch of trade further than to prevent any bank from defrauding the public by false pretenses through its paper circulation. No conditions should be imposed upon any device to economize money except that there should be actual property behind every note sent into the channels of trade to float our commerce and broaden our industry. [Applause.]

My friend from Tennessee [Mr. Cox] applauds that sentiment. When my friend smiles I feel that the clouds have passed from the sun and that I am sailing under favorable skies.

Mr. COX. I am very glad the gentleman is gratified by anything I do.

Mr. COCKRAN. I have never met my friend that the meeting was not a source of pleasure. One of my deepest regrets at leaving this House is the fact that my association with him must be severed.

Mr. HUTCHESON. Let me ask the gentleman this question: You say the banks should be permitted to issue a note on the note of a farmer. Now, why should the note of a bank be sanctified as money any more than the note of the farmer?

Mr. COCKRAN. The gentleman puts a question which is not unimportant to this discussion. I do not think any commercial paper "should be sanctified as money" except so far as commerce will accept it. If the gentleman will favor me with his attention he will learn that I deny the right of the Government to interfere in any way with the money of the country except to coin some particular metal, some one product of human industry by which custom has declared that all other commodities should be measured. I have always regarded the hand of the Government in the issue of paper money as a destructive hand. Banking, in all its features, is but an economy in the use of money, and an increase in the amount of productive capital. I have stated that before and I repeat it now.

Mr. HUTCHESON. Will the gentleman allow me to elaborate that now?

Mr. COCKRAN. I am afraid that if I do allow the gentleman to elaborate it this speech will run into next week.

Mr. HUTCHESON. The only thing is this—

Mr. COCKRAN. If it be the only thing I will let it go. I do not expect to cover this whole subject, and if only one feature of it be overlooked I shall feel well satisfied.

Mr. HUTCHESON. Under the same tax which you impose you prevent the farmer from having such currency?

Mr. COCKRAN. My dear sir, I am opposed to all tax on currency as such.

Mr. HUTCHESON. Exactly.

Mr. COCKRAN. I am endeavoring to show that it is an entirely unsound method—

Mr. HUTCHESON. Are you opposed, then, to the State tax?

Mr. COCKRAN. I will come to that in time.

Mr. HUTCHESON. I understand you to be opposed to it.

Mr. COCKRAN. I am opposed to any tax on currency. To tax currency is as absurd as to tax blood in the human body. To tax currency is as unwise as to tax the power of a locomotive, the efficiency of an engine, the speed of a steamship. To tax currency is not to tax property, but to tax the most potent force in the creation of property and in the progress of civilization. So much, Mr. Chairman, has been said during this debate about the relations of Government to the currency that I have deemed it necessary to discuss at this length the elementary economic principles that govern the use of money.

Passing now to a consideration of the pending bill, nobody can deny that its principle is sound so far as it provides that notes should be based on the capital of banks; but the provisions of the bill nullify its object. In my opinion if this bill should pass the House and Senate and receive the President's signature it would fall stillborn on our statute books. There would not be one note circulated under it in twenty years. It would be another makeshift as ridiculous as the Sherman Act; it would remain inoperative through the absurdity of its provisions; it would stand a monument to folly; it would be inefficient even as an engine of mischief.

Mr. Chairman, this country is suffering not from a scarcity of money, but from a redundancy of money. When the Sherman Act was under discussion I stated to the House—and the statement was then greeted with derisive laughter, but I think no gentleman will contradict it now—that in the whole history of commerce there never was a panic caused by scarcity of money. Every panic which has disturbed the current of trade, arresting the free exchange of commodities, has been preceded by an inflation either of currency or of credit. The amount of money which can be profitably used in commerce bears a fixed relation to the amount of commodities to be circulated, because while in trade commodities appear to be exchanged against money they are really exchanged against each other.

I have already shown that one dollar is able to exchange commodities worth twenty or fifty dollars in the course of a single day without aid, assistance, or reinforcement; but the dollar which was capable of this efficiency was a dollar whose soundness nobody questioned. Not one of the men through whose hands it passed would have parted with his commodity if he feared or believed that the dollar for which he exchanged it would shrink in value while it remained in his pocket during the day or in his safe overnight.

The butcher would not have parted with his beefsteak if he had

any doubt as to the value of the coin for which he exchanged it. The cutler would not have parted with his knife for a dollar if he feared the money would shrink in value before he could exchange it for another commodity. A doubt as to the value of money causes men to keep close possession of their commodities, reduces money to idleness, and produces that redundancy of currency in the marts of commerce which is always a feature of business depression.

Our currency to-day is redundant beyond the power of commerce to utilize it. The vaults of every bank are now crowded to plethora with money which it can not invest. The rates of interest are so low that there is no profit in loans. At this moment, when a flood of debauched and degraded paper money chokes the channels of our circulation, arresting exchange, impeding trade, preventing prosperity, it is proposed that the banks of the country purchase legal-tender notes for the purpose of depositing them in the Treasury and then issue three dollars in bank notes for every dollar of Government notes that is thus deposited. This operation is described by the supporters of the pending measure as retiring the greenbacks. Now, every note issued against a deposit is a circulation of the deposit itself. This plan of issuing notes against a deposit of greenbacks would not retire the greenbacks but it would make them the permanent basis of all circulating money.

Here again we have an illustration of that demoralizing influence which ambiguous phrases have exercised on economic discussions. "Retirement of the greenbacks" is an expression which kindles hope in the breast of every believer in sound finance, because he assumes that it means the cancellation of the greenbacks. But when he scans this bill he realizes the peculiar capabilities of the politician when he turns economist. He learns that a phrase is often a substitute for a principle—that retirement of the greenbacks does not mean the cancellation of the greenbacks, but the permanent establishment of the greenback as the basis of all our paper money. He discovers that what appeared to be a scheme of currency reduction is really a scheme of currency expansion, and as he finishes the perusal of the measure he feels that if magic was the black art of the dark ages, political economy is a blacker art in this enlightened age of free speech and Democratic institutions. [Laughter.]

With a total circulation amounting to about \$1,700,000,000, with hundreds of millions of dollars idle in the vaults of the banks, does anybody suppose that it is possible to add several additional millions to the circulation and find active occupation for such a volume of money?

Mr. Chairman, it has been said that a deposit of greenbacks in the Treasury is a proper and necessary precaution to secure the notes issued by the banks, but in my opinion it would operate to prevent the banks from making proper provision for the redemption of their notes. I submit that a deposit of coin in the vaults of a bank is a better security for bank notes than a deposit of notes in the vaults of the Treasury. If the greenbacks be retired as money I know of no safe or sensible deposit for the redemption of notes except gold and silver—lawful money of the United States. Bank notes, as we have seen, are but devices for the economy of coin. They can enter into circulation only when there is absolute faith in the ability of the bank to redeem them—not in other notes but in actual money. It has been said that Treasury notes are as good as gold. But banks must redeem their notes, not in things as good as money, but in money itself. All the assets of a solvent bank are as good as money, but the creditor of a bank is entitled to the payment of his claim not in the equivalent of money, but in money itself. A visible supply of good money is then essential to the credit of every bank. Now, money is the one thing which this bill does not provide that a bank shall keep. It forces banks to purchase Treasury notes and deposit them in the Treasury, but even if these notes retained their money character they would not be available for the redemption of bank notes until after the failure of the bank which had deposited them. Thirty per cent of a bank's circulation kept in coin on its own counters would be an ample reserve to protect any issue of notes fairly consistent with its resources, but this bill compels the bank to keep 30 per cent of its issue in an entirely unproductive form where it can not be used for redemption. To secure redemption the Government by this bill deprives the banks of the means of redemption, and by forcing them to keep a portion of their assets in an unproductive form, it greatly enhances the cost of circulation and thereby increases the rate of interest which a bank must charge its customers.

The whole scheme of compelling banks to use Government obligations as the basis of notes is a peculiar misconception of government and banking.

Why, sir, the best security for a note is the property which it helped to create. It may be the highest form of banking prudence to substitute for the asset which is behind a circulating note to-day some other form of property to-morrow. That is something which commerce should judge for itself. The attempt to regulate private business by Congressional enactments is wicked and senseless;

it is a usurpation of power which throws trade into confusion and threatens credit with disaster.

If it be considered advisable to place circulating notes beyond any risk of repudiation, that result can be reached by the establishment of an insurance or guaranty fund.

I believe in insurance because it is an evolution of human experience. Insurance does not prevent losses; but it distributes among many a burden which might be crushing to one. Insurance does not prevent fire, but when a building is burned down it averages the loss among all who contribute to the insurance fund. When a ship is wrecked at sea the loss under a system of insurance is apportioned among many shipowners, all of whom contribute to an insurance or guaranty fund. An insurance system for circulating notes will place behind these evidences of banking debt a fund sufficient to make them absolutely secure whatever the general condition of trade may be.

Mr. Chairman, I believe in the purpose expressed by the framers of this bill, but I oppose its enactment because its provisions are hostile to the principle on which it is based. I am aware that the defeat of this bill will endanger all prospect of currency legislation during this Congress. But it is better to bear the ills we know than risk experiments whose results no man can foretell. If we can not agree upon a plan for the issue of bank notes let us at least suppress the gravest danger which threatens our national credit. The bill suggested by the gentleman from New York [Mr. COOMBS] would not be a complete measure for the regulation of our finances, but it would remove a very serious obstruction to the establishment of a sound monetary system. As I understand it, the gentleman from New York proposes to replace the greenbacks and all the irredeemable notes now circulating as money by bonds for such sums as will make them available for the savings of the people and as a security for bank notes. I am entirely willing to support such a measure. It would be a step, and an important step, toward a solid financial basis. If it would aid the passage of such a measure, I would cheerfully consent that State banks as well as national banks shall be empowered to issue notes against these securities. Indeed I can not understand the prejudice against State banks which has been manifested on this floor, and which many gentlemen have assigned as the basis of their opposition to the bill suggested by the Secretary of the Treasury.

If notes are to be issued upon the basis of assets, what difference can it make where the assets are or who holds them? The assets in the possession of a State bank have just as much commercial value and are just as sound a basis of credit as assets in the possession of a national bank. Where notes are issued against Government bonds the Government becomes the indorser of them, and the note of a State bank indorsed by the Government would be as good as the obligation of the Government itself. In my opinion, to prohibit banks from issuing any paper except such as is based on one particular form of security is a mistake; but that prohibition exists now, and to continue it would add no new embarrassments to the operation of trade.

Mr. RICHARDSON of Michigan. Does not section 9 of the bill provide that 70 per cent of the greenbacks can be retired and 30 per cent sequestered by the guaranty fund?

Mr. COCKRAN. I do not think so. The gentleman must perceive that since no notes can be issued without a deposit of greenbacks, if the plan be carried out, all the notes in the country will be practically reissues of the deposit in the proportion of three new notes for each one deposited.

Mr. RICHARDSON of Michigan. That is true in part, but 30 cents of them can be destroyed as often as \$1 is issued, so that there will be no increase.

Mr. COCKRAN. If the measure now before the House be enacted into law and the banks take full advantage of its provisions they can deposit every dollar of greenbacks and make them the basis of new issues. Indeed, that is the original plan of the bill. I do not believe such a result would actually be accomplished, because, as I have pointed out, the banks could not circulate such an amount of money with any profit to themselves. But when the plan of the bill is defended on the ground that it will never become fully operative it is fair to assume that the whole scheme is either mischievous or ridiculous.

Mr. Chairman, the cancellation of the greenbacks lies at the threshold of all currency reform. Until that form of circulation is retired there is no room for a new and a healthy currency. I recognize the difficulty that lies in the way of any attempt to cancel and discharge the Government promissory notes which now clog the channels of circulation. It has been the fashion in quarters where the principles of finance are well understood to laugh at what is called the "greenback craze." The Greenbacker is described as a species of intellectual freak for the amusement of those who read his utterances in the light of a different experience. But, Mr. Chairman, I have never believed that the majority of my fellow-citizens were deficient in intellect, understanding, or comprehension. The very wide belief that an increase of Government paper notes would to-day revive prosperity throughout the coun-

try is based upon a misapprehension of cause and effect which, though deplorable in its results, is perfectly natural in its origin.

Sir, the greenback is popular because the industrial activity which marked the period of our civil war has been attributed to the issue of paper money, although it was really due to an extraordinary demand by the Government for the products of human labor. No government, out of its revenues, could have paid for all the commodities that were consumed by the huge armies which during four years were maintained in the field. The capacity of the Government to borrow money in the ordinary manner was soon crippled, and recourse was had to a species of forced loans. A plan was devised of issuing promissory notes in payment for supplies and services. In order to give these notes a greater value than the pledge of the Government's credit at that time could give them, they were made legal tender, and thus they became available for the payment of private debts. Wherever a debt was discharged by the use of these notes the Government was substituted in place of the debtor. The person to whom the note was paid at once became a creditor of the Government for the amount of the note which the law compelled him to accept in satisfaction of his debt. In the last analysis this was but a seizure of credits with a promise to repay them at a future day. Happily, the promise has been redeemed to all who have demanded its redemption, but the transaction was none the less a violent, dangerous, and, in my judgment, indefensible exercise of power. This seizure of credits, however, enabled the Government to maintain an extraordinary demand for commodities until the conclusion of the conflict, and that demand stimulated industry to a degree which was wholly unnatural.

The result was a general rise in wages and an appearance of extraordinary prosperity throughout the country. But with the advance in wages there was a natural and corresponding rise in the prices of all commodities. The high rates of wages brought no additional comforts to the laborer when the cost of living advanced in a corresponding ratio. As the demand which began in certain branches of trade spread through the whole industrial field, men who at the beginning of the upward movement received higher wages than their fellows found themselves again on a level with them. The withdrawal of the Government from the market for commodities at the conclusion of the war was a violent shock to the equilibrium of trade. A prolonged industrial depression was the national result. In the midst of the distress which ensued, the people, obeying a very common impulse, turned to the Government for relief. A suggestion that the country embark in another war for the mere purpose of maintaining prices would have shocked the sense even of an angry population. But the assertion that the greenback was the source of prosperity found widespread belief among those who were unable to distinguish between the incidents and the causes of industrial activity. Whenever a period of commercial depression has since visited the country men have won a passing popularity by declaring that a new issue of paper money would dispel the clouds which overhang us and bathe our fields in the sunshine of prosperity.

Now, an issue of greenbacks would not of itself stimulate trade even temporarily. If the Government were engaged in war or in the prosecution of extensive public works, its appearance in the market for labor and commodities would undoubtedly stimulate prices, and a loan in the form of greenbacks might facilitate its operations. But the increase in prices would not be due to this issue of paper money, but to the increased demand for labor and commodities. That demand would have the same effect whether it was sustained by the revenues of the Government or by its credit.

I do not think anybody pretends that greenbacks should be paid out of the Treasury unless there is a debt to be canceled. It is not claimed that they should be paid out as Christmas presents to the favorites of Government officials or that they should be scattered broadcast from the balcony of the Treasury. No greenback will be issued then except where a good dollar would be issued if the greenback were not in existence. The retirement of the greenback would not contract the currency because for each paper dollar canceled a gold dollar would be placed in circulation. There has been a good deal said in this debate about the part which the greenback has played in drawing gold from the Treasury. I think much that has been said on that subject is based on a misapprehension. I dislike very much to differ from my colleague from New York [Mr. HENDRIX] who addressed the committee with so much force yesterday, and for whose judgment and knowledge on this subject I have the most profound respect, but I can not understand how the reissue of the greenback operates to drain the Treasury of gold. When a greenback is paid out it does not create a new obligation; it cancels a debt which would have been paid by a gold dollar in the absence of the greenback. So, when the greenback is presented for redemption, the Government is merely called upon to pay the gold dollar which it would have paid in the first instance but for the greenback. The greenback therefore operates to defer the drain of gold from the Treasury rather than to aggravate it. I say this because the reasons for the cancellation of the

greenback are so obvious and so imperative that it is not necessary to exaggerate them.

The greenback is objectionable as money because it is a debt which does not represent any form of industrial activity. It does not represent any capital applied to the aid or promotion of productive enterprises. It has no business in the channels of circulation which should be filled by money generated by commerce and by commerce alone. It is a debt long past due. It is no feature of actual production. It grew out of the industrial conditions of another generation. It is an endless source of disturbance in business because it is forced into circulation by the Government without any reference to the necessities of trade. It makes the prosperity of the individual dependent on the administration of the Treasury. It drags trade into politics, it makes industry the football of contending parties. It will be a source of embarrassment to the country if the occasion should ever arise when its credit would be essential to the defense of its territory, the assertion of its dignity, or the maintenance of its glory. To leave it in circulation is bad in policy and vicious in morals. The Government which does not pay interest on its lawful debts defaults in its moral obligations. The Government should set the example of that honesty which underlies its laws. It should not do itself that which it would condemn if done by the humblest of its citizens.

The gentleman from Missouri [Mr. BLAND], with a desire probably to discredit my utterances, has intimated that at some time or other I declared the repeal of the Sherman law would end the panic and restore industrial prosperity to the country. I have never said that I possessed any means of averting the consequences of vicious laws. What man sows that must he reap. There is no escape from the bitter fruits of folly and ignorance. We can not give life and activity to trade by the laws of Congress, but when we find commerce prostrated by the weight of vicious legislation we can remove the burden from its shoulders and leave it gradually, slowly perhaps, but surely, to recover its normal vigor. Mr. Chairman, in my opinion, the panic was produced by the McKinley tariff and a vicious financial system acting together, one restricting the volume of production, the other corrupting the medium of exchange on which the activity and therefore the volume of trade depends. [A laugh on the Republican side.] Now, my friend from Maine [Mr. BOUTELLE] does me the honor of greeting that statement with a laugh, yet if he will consider the very nature of protection he will understand that it involves doing business at a loss. Any business which can be carried on at a profit in competition with all the world does not need protection, and in the nature of things could not be made the subject of protection.

A protective system which was universal would benefit nobody. If every person in this House, beginning at one end of the Chamber and ending at the other, should take a dollar from his neighbor's pocket the conclusion of the operation would leave every man just where he was before. Each one would have gained a dollar and lost a dollar. A tariff which permitted all men to exchange their commodities upon a system of prices inflated equally everywhere might restrict the total production of the country, but each man's product would be stimulated in price and restricted in volume to the same degree as his neighbor's. Inasmuch, however, as the vast majority of the products of American labor must be sold at prices fixed in foreign and unprotected markets, the staple products of this country can not be affected by any tariff which we may establish. Those industries which enjoy the benefits of the protective laws are maintained in operation at a loss, but the loss does not fall upon those who conduct them, but upon the self-sustaining, respectable, aggressive industries that ask no favor from our Government and fear no competition anywhere on the globe. [Applause on the Democratic side.]

If a successful merchant, with an extensive and profitable trade, should establish his son in business, and maintain him in it although it was conducted every year at a loss, making good out of the profits of his own prosperous trade the losses incurred in his son's unprofitable commerce, he would be doing precisely what our Government forces the self-sustaining industries to do for the protected industries. [Applause.] If the natural equivalent of three pairs of hose be a bushel of wheat, and by legislation a farmer is compelled to accept two pairs of hose for a bushel of wheat, he is forced to contribute from his prosperous, self-supporting, unprotected agriculture the equivalent of one pair of hose to the maintenance of the unprofitable industry of hosiery. The maker of hose has made a profit on the money invested in his business, not by production, but by taxation—not from anything which he has created, but from the goods of his neighbor which he has been allowed to confiscate. [Applause.]

There has been a loss in one man's business and it has been made good through taxing the industry of another. The losses have not been avoided; they have been transferred from those who incurred them to those who were in no way responsible for them. And these losses, growing year after year in the use of large portions of capital, have been made good by taxation on articles which

enjoyed no benefit and could be granted no advantage under the tariff laws. [Applause on the Democratic side.]

Mr. BOUTELLE. Will the gentleman permit me—

Mr. COCKRAN. I shall be very glad to yield to the gentleman if I can have additional time.

Mr. BOUTELLE. I only desire to pay a tribute to my friend from New York by saying that I have not heard anything like that since the 6th of last November. [Laughter.]

Mr. COCKRAN. The gentleman from Maine, when he shall have lived a little longer, may find that an election does not change my views on economic questions, nor does it cause me to be silent when the truth is questioned. [Applause on the Democratic side.]

Mr. BOUTELLE. I understand that; but I wanted in a mild and gentle way to suggest that the argument the gentleman has just advanced here did not succeed in convincing the people of New York or the people of a large area of the country in the last campaign. I do not know why; perhaps because the gentleman made so few speeches during this campaign.

Mr. COCKRAN. I have well-defined notions as to the real causes of the disaster which overwhelmed the Democratic party in 1894. I think the Democratic party was not in the canvass. [Laughter and applause.] I will admit that frankly.

Mr. BOUTELLE. The gentleman from New York and the gentleman from Maine can never hold a debate on that point. [Laughter.]

Mr. COCKRAN. I think that campaign was conducted by something which masqueraded under the name of Democracy, and which the people ground beneath their heels, as it deserved to be ground. [Applause.] If the gentleman from Maine [Mr. BOUTELLE] bases his belief in the popularity of protection upon the verdict of 1894, I point him to the verdict of 1892 and the verdict of 1890, and I say to him the American people are not inconsistent. They did not intend this year to reverse the policy which they adopted in 1892; but they did intend to condemn the heresies which were engrafted upon party measures by the Democratic caucus, and which were a betrayal of Democratic principles.

Mr. BOUTELLE. That does not even command applause on the Democratic side.

Mr. COCKRAN. Mr. Chairman, I do not speak for applause. I speak to assert the truth, and I hope I will always be ready to assert it on this floor or elsewhere.

Mr. BOUTELLE. That is the reason it does not command applause on the Democratic side.

Mr. COCKRAN. I notice that even the Republican side remained silent, and its silence has not been the subject of remark. I never remember the truth being applauded there. [Applause and laughter on the Democratic side.]

Mr. Chairman, through our tariff laws a large proportion of the business of the country has been carried on at a loss and at the same time a flood of paper obligations issued from the Treasury raised in every man's mind a doubt concerning the soundness of our currency, causing him to hesitate about exchanging commodities of unquestioned value for money of doubtful value. With a steady loss in a large part of our trade, with commerce disturbed by a widespread distrust in the medium of exchange, how could our industrial condition remain prosperous, how could a convulsion be avoided, how could a panic be averted?

And the cloud, dark, sinister, portentous, which every thoughtful man had long seen in the heavens above us, settled down over the country in 1893. After a period of unhealthy, feverish stimulus, the industrial system of this country, weakened by excessive taxation on the one hand, by an attenuated currency on the other, fell prostrate in the dust. The exchange of commodities has been restricted, and consequently the volume of production has been narrowed. There being less commodities to exchange, there is necessarily less trade.

All production has not been suspended, because its total suspension would mean universal starvation; but it has been restricted; it has been reduced in volume; and that restriction, operating to narrow the field upon which exchange can be effected, has produced this period of depression that has not yet passed away and which will not pass away for many weary days and weeks to come—aye, perhaps for years to come. I do not pretend that any law which I can suggest or which the House may adopt can of itself restore prosperity to this country. We can only remove the causes which have robbed us of the natural advantages which our soil has always offered us. Trade and industry, left to the free exertion of their own energies, will soon restore prosperity to the land and happiness to the people.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HARTMAN. I ask unanimous consent that the gentleman be permitted to continue.

The CHAIRMAN. The gentleman from Montana asks that the gentleman from New York be allowed to conclude his remarks. Is there objection?

There was no objection.

Mr. COCKRAN. Mr. Chairman, business will not revive until the total production of the country shall have been restored to its normal volume.

One abundant crop will not make the farmer prosperous unless there be abundance of other commodities for which his crop may be exchanged. The mere desire of other men for the things which I have will not profit me unless they have commodities of their own to offer in exchange for mine.

The product of each man obtains a market through the products of all his neighbors. Business prosperity therefore depends on the general abundance of commodities and on the soundness of the medium which facilitates exchange.

Providence has blessed us with a lavish hand. Wherever we turn we witness the inexhaustible bounty of nature. But a short distance from this capital lies the Ohio Valley, where every hill which rises above the traveler's head is a treasure house piled high with wealth of mineral ore, where oil rises from natural springs in sufficient volume to light the universe, where the streets of thrifty towns and cities are lighted by torches fed with gas which is generated by the soil itself, while beyond the heights which inclose it there stretches for 3,000 miles a panorama of surpassing fertility, where the fruits of the tropics are ripening under a generous sun, where the grain of the temperate zone is gathered in abundant harvests, where innumerable flocks and herds graze upon rolling fields—in such a country when labor lacks a market and industry is without profit the laws of man must be framed in hostility to the laws of God. With all these various elements of wealth in active cooperation the total production of this country would be so vast that no willing hands need remain idle, no industrious man need eat the bitter and degrading bread of charity.

Where a free exchange of commodities is promoted by a sound monetary system every man who produces an article of value brings into existence other articles of value from the toil of his fellow-man. The farmer whose crop is ripening in the summer sun will be a customer for the product of the loom, which in anticipation of his demand is kept running night and day. The miner deep in the bowels of the earth, working through passages which the sunlight never penetrates, is moved to labor by the belief that manufacturers are waiting to purchase his ore. The diver who walks the bottom of the sea, searching amid perils and difficulties to reclaim for the use of man the treasure engulfed in storm and in shipwreck; the sailor, heaving and tossing on the crest of the waves, guiding through danger and fatigue the bark laden with the fruits of agriculture, that man, wherever he be, may enjoy the whole bounty of the earth; the carrier who transports the results of human industry to the marts where they will be sold; the merchant who places these wares upon his counter; the consumer who purchases them—all, all are elements in a mighty scheme of mutual support, of mutual assistance, of mutual profit, which we call commerce, and which depends for its efficiency and its power on the soundness of the money by which the industry of each man is made a feature of the industry and production of all men.

We may not hope for any further reduction of the tariff taxation, which hampers industry and restricts production, but the regulation of our finances has never yet been made a party question.

I do not ask this House to grant the banks any favor or special privilege. I ask only that they be left free to maintain at every point of the industrial field the capital that is necessary to the highest development of our natural resources. I appeal to members of this House to show in our commercial affairs that love of liberty which we profess in political discussions. Let us leave to the free exercise of American genius the development of the American continent. Let us leave to commerce the task of creating and establishing the medium by which men will be enabled to exchange the products of every clime at the greatest advantage to the producer. I ask gentlemen on both sides of the chamber to discard the party trappings which become us when we are discussing minor issues, and to approach this subject in the panoply of American patriotism, determined to establish our monetary system, not upon the treacherous quicksands of empirical devices, but upon the sound principles of finance, upon the secure basis of property, on the solid rock of industry. [Applause.]

Mr. HENDERSON of Iowa. I would like to ask the gentleman a question if it would not interrupt him.

Mr. COCKRAN. Go ahead.

Mr. HENDERSON of Iowa. I feel the same anxiety that the gentleman feels and appeals for, to do what is best for the country in the present exigency. Now, do I understand my friend to say that he favors any of the propositions pending before the House?

Mr. COCKRAN. I thought any gentleman would understand from what I have said that I favor the Baltimore plan.

Mr. HENDERSON of Iowa. But you do not favor any plan that is now pending before the House?

Mr. COCKRAN. I do not believe the Baltimore plan would be adopted. It would be expecting too much from this House. [Laughter.]

Mr. HENDERSON of Iowa. Are you in favor of it if it could be passed?

Mr. COCKRAN. If that plan could be adopted it would meet every difficulty in the monetary system of this country.

Mr. HENDERSON of Iowa. What bill? The Carlisle bill?

Mr. COCKRAN. I am speaking of the Baltimore plan.

A MEMBER. But that is not the bill before the House.

Mr. COCKRAN. I understand that.

Mr. HENDERSON of Iowa. There is no such proposition as that before the House.

Mr. COCKRAN. I have described to the gentleman the plan that I would support. I would propose the Baltimore plan myself, but I do not think there is any prospect whatever of its passage, and I have no disposition to make demonstrations before the House for my own diversion or glorification. But there is a bill which would cure some of the evils—

Mr. HENDERSON of Iowa. What is it?

Mr. COCKRAN. The bill that has been introduced by my colleague from New York, Mr. COOMBS. I would support that. I would support the measure introduced by the gentleman from Massachusetts [Mr. WALKER] except one feature—the provision fixing by law the character of the reserve to be maintained by each bank.

Mr. CATCHINGS. Do I understand my friend to say that he would support the Baltimore plan?

Mr. COCKRAN. Yes, sir; I would support it, and support it gladly. I would be glad to father it if I thought there was any prospect of its adoption. It is simply the application of human experience to monetary affairs.

Mr. HENDERSON of Iowa. Does the gentleman believe that the Baltimore plan, or the Coombs plan, or the Walker plan, either one of them, would stop the outflow of gold from the Treasury; and, if so, will he tell us how?

Mr. COCKRAN. No. I am glad the gentleman asked that question!

Mr. HENDERSON of Iowa. Let me finish my question.

Mr. COCKRAN. I think that answer should have a qualification.

Mr. HENDERSON of Iowa. Well, let me finish my question first. The gentleman says no. Now, is not the real question before this Congress, how to raise money to pay our debts, and not any question of banking?

Mr. COCKRAN. I have been endeavoring to show that the greenback is one debt which should be paid. I agree with the gentleman. I believe that if we paid our debts we would have no trouble, and I believe that with our revenues and our credit combined, we have abundant resources to place all our debts on a safe and honest footing.

Mr. BOEN. How? By funding?

Mr. COCKRAN. Yes, sir.

Mr. HENDERSON of Iowa. Is not the real question which we, as representatives of the people, should address our minds to the question of raising revenue to pay our debts?

Mr. COCKRAN. Mr. Chairman, the gentleman has revived at this stage a subject which I thought I had discussed. I believe the support of the Government should be the first object of Congress, and I concede that the revenues are now inadequate to the necessities of the Treasury. But I believe the way to increase the revenues is not to raise the rates of taxation, but to still further diminish them. I appeal to the experience of the whole human race to confirm that statement; and if the gentleman from Iowa (with the authority which he will exercise as a Republican leader over future legislation) will blaze the pathway in that direction, he will find me the humblest, but the most enthusiastic, of his followers. [Laughter.]

Mr. HENDERSON of Iowa. My good friend from New York, whose words I always listen to with great pleasure, whether I agree with him or not, has not, I fear, answered my question. My question is not about how we are to raise the money. What I ask him is, whether the pressing question upon this legislative body at this time is not the question of raising money to pay the daily current running expenses of our Government?

Mr. COCKRAN. That is the question, Mr. Chairman; but it is not all the question.

Mr. BOUTELLE. It is the first question.

Mr. COCKRAN. Well, that depends on which you put first and which you put second. I think the order in which they are placed makes very little difference—

Mr. BOUTELLE rose.

Mr. COCKRAN. Now, I trust that one gentleman at a time will catechise me. Let me answer the gentleman from Iowa. It is quite true that the deficit in the revenue is an embarrassment to the Government. It is also quite true that the deficit in the revenue tends to exhaust the supply of gold, and therefore to cast

doubt on the Government notes which circulate as money. But surely that statement is the strongest possible proof that a financial system is vicious which makes the trade and the commerce of every citizen dependent on the solvency of the Treasury.

In addressing this House my chief object has been to persuade it that every principle of sound policy demands the divorce of the Treasury from the function of furnishing money. Whether the Treasury be bankrupt or prosperous, whether it be full to overflowing or empty of treasure, the circulating medium by which my neighbor and I exchange our commodities should always be independent of any condition in which the Treasury might find itself. The imprudence of a Secretary, or the shortsightedness of legislation, for which I am in no way responsible, which I can not avoid or prevent, affects the money in my pocket, disorders my trade, paralyzes my industry, blights my prospects.

Mr. HENDERSON of Iowa. Now, will my friend allow me a moment further? He knows that I am in thorough sympathy with him in desiring to meet in some efficient way the present condition of the country. I know he will give me credit for that. He has admitted that no financial plan pending before this House will supply the revenues of the Government. He has appealed to the members of this House, irrespective of party, to come to the help of the country. Now, I say that instead of wasting time over the discussion of currency measures which, as is admitted by the distinguished gentleman, and as has been admitted by everyone on both sides of this discussion to whom I have addressed the question, can not give any relief, is not the gentleman at fault in the line of remark he is pursuing, and should he not direct the attention of this body to the sole question of the hour to raise money to meet our obligations?

Mr. COCKRAN. I have just stated that the actual condition of the country strikingly illustrates the folly of making the debts or condition of the Treasury any feature of our monetary system whatever. I have endeavored to prove that it is safer and wiser to base the paper money used in trade on the property assets of all the people of the country than upon the debts of the Government in whatever form they may be.

Mr. WALKER. I should like to have the gentleman from New York point out to this House the foundation for his faith that the Baltimore plan will afford any relief whatever to the Treasury or to the present financial situation of the country, when every man before our committee who was instrumental in devising that plan said that it would afford no relief whatever until we had corrected the financial policy of the Treasury Department with reference to the greenback currency. How can the gentleman have more faith in that plan than its own representatives had?

Mr. COCKRAN. I am not discussing the condition of the Treasury. The gentleman from Massachusetts [Mr. WALKER] and the gentleman from Iowa [Mr. HENDERSON] seem to think that I am discussing here a plan for the relief of the Treasury. I am not. I am discussing a plan for the relief of the people of this country from a vicious monetary system.

Mr. WALKER. Must not that be accomplished through the Treasury?

Mr. COCKRAN. Not necessarily. There is no more reason why the difficulties of the Treasury should embarrass me than that the difficulties of a commercial house like H. B. Claflin should embarrass me. There is no more reason why the condition of the Treasury should disturb my commerce than that the operations of Drexel, Morgan & Co. should interfere with it.

Mr. WALKER. Is it not a fact that the disturbance of the financial condition of the country shows itself first of all in the condition of the Treasury, and that anything which will relieve the Treasury will relieve the country?

Mr. COCKRAN. In one sense the gentleman's statement is correct, but it only shows that our monetary system is on a vicious basis.

Mr. WALKER. That embarrasses the Treasury, does it not?

Mr. COCKRAN. Assuredly it does—or rather I should say the Treasury embarrasses the monetary system.

Mr. WALKER. Then correct that.

Mr. COCKRAN. That is what I am trying to do. I do not say the Baltimore plan would afford any relief whatever to the Treasury; it is not pretended that it would—

Mr. HENDRIX. It was never intended to.

Mr. COCKRAN. And I believe it was never intended to relieve it. Its object is to emancipate the money of the country from the control of the Treasury and to leave the supply of currency to the natural operations of commerce. To support that principle I have taken the floor.

Mr. WALKER. Just one word further. Is it not a fact that it is impossible to do what you say ought to be done and must be done until we direct our attention to the Treasury in its connection with the greenback issues?

Mr. COCKRAN. I do not believe there is any substantial disagreement between the gentleman and me. He says we must turn

our attention to the Treasury. I say we must turn our backs to the Treasury. There seems to be a difference between us, but I think we mean the same thing. I regard the Treasury as a disturbing influence in our currency, and I am sure he regards it in the same light, although we use different words to convey the same meaning. A contribution of \$1 from each inhabitant of the United States would cure the deficit; the losses of the people from the corruption of the currency through the circulation of Government notes may be computed by billions of dollars. The questions of the gentleman from Iowa [Mr. HENDERSON] and the gentleman from Massachusetts [Mr. WALKER] are themselves unanswerable arguments that if the country is to gain a permanent prosperity it must liberate its monetary affairs from the control of the Treasury.

Mr. WALKER. So say we all.

Mr. COCKRAN. I am glad to hear that. If this Congress provide for the extinction of the greenback the currency question will settle itself. If we leave the circulation of commodities to the medium of exchange which trade finds most effective, the Treasury will be at once reduced to its natural functions of collecting from the commerce of the country that proportion of money that is necessary to the support of the Government. When the authority of Government shall have been limited to the lines prescribed by Democratic institutions and Democratic principles, when the currency shall have been emancipated from the control of ignorance and the interference of folly, when it shall have been firmly established upon the industry and the capital of our citizens, it will be no longer a source of danger and disturbance to trade but, like the blood in a healthy body, it will nourish and sustain the industrial forces from which it springs. Trade can not be stimulated by legislation—absolute freedom is its sole security. Let us stop these foolish and abortive attempts to control by human laws the economic forces which control the industrial capacity of man; let us discard the empty and misleading phrases which have betrayed us into extravagant legislation and led us to commercial disaster; let us throw down the barriers to prosperity which ignorance has erected; let us restore freedom to American industry, and this country will become the seat of learning, the fountain of material wealth, the light of intellectual progress throughout the world. [Loud applause.]

Results of Democratic Tariff Legislation.

SPEECH

OF

HON. ALBERT J. HOPKINS,

OF ILLINOIS,

IN THE HOUSE OF REPRESENTATIVES,

Monday, January 28, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8310) to amend an act entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," which took effect the 28th of August, 1894—

Mr. HOPKINS of Illinois said:

Mr. CHAIRMAN: The bill which has been presented to this committee by the chairman of the Committee on Ways and Means is a confession on the part of that gentleman, and the committee he represents, and the party for which he speaks in this House, of the inadequate and defective character of the legislation known as the Gorman-Brice-Wilson bill. It is a confession on his part that the Democratic party in the long weeks and months that its leaders occupied the attention of Congress and the country in this legislation, was unable to formulate that kind of a bill that would best work to the benefit of the people of the country. It is a confession that the law has involved us in unpleasant diplomatic relations with foreign nations.

When I consider that, Mr. Chairman, I can not but revert for a single moment to the condition of this country under the last Republican Administration, an Administration that gave to the country one of the most perfect pieces of tariff legislation that has ever been placed upon our statute books; a piece of legislation that instead of prostrating the interests and the industries of our people gave them renewed life and vigor. Not only that, but a piece of legislation that increased the import and export trade of the country beyond any figure it had ever reached before in our history. Every person familiar with such affairs knows that

under the reciprocity clause, so called, of the McKinley bill the American producers were able to reach markets in the Spanish colonies and in Central and South American States that had been practically closed to us before the enactment of this law.

Now, Mr. Chairman, what reason was there for the Democratic party disturbing this condition of affairs when it came into power? Was there anything in our foreign or internal trade that required a change so as to equalize conditions? The statistics that are familiar to any person who desires to examine them show, as I have already indicated, that all our manufacturing industries were in a condition more prosperous than they had ever been before. They show that our banking and commercial interests were never in a better condition than they were when the summons was made by the people of the United States in the great Presidential election contest that this country should be turned from the Republican control to that of the Democratic party.

I shall not take the time, Mr. Chairman, to dwell at any length upon this condition of affairs, but I can not refrain from quoting a sentence or two from the last message that was presented to Congress by President Harrison.

In speaking of the condition of our foreign trade, and in calling attention to the splendid results that had been reached under Republican administration, and especially this law that it has been the work of the Democratic party since it came into power to repeal, he said that the value of our exports during the fiscal year 1892 reached the highest figures in the history of the Government, amounting to \$1,030,273,148, exceeding by \$145,797,338 the exports of 1891, and exceeding the value of the imports by \$202,875,686.

So much for our export trade.

Mr. BLAND. Will the gentleman allow me right there?

Mr. HOPKINS of Illinois. Yes.

Mr. BLAND. I wish to suggest to the gentleman that the condition of affairs which he refers to in that year was caused by the fact that we had unusually large crops, and that in Europe, especially in Russia, there was a failure of the crops, and that the exports increased on account of the starvation there and the abundant crops here.

Mr. HOPKINS of Illinois. Mr. Chairman, this country is always a fruitful country under a Republican Administration. [Laughter.] The people of this country always have had good times under Republican Administrations. And I will say to the gentleman that while our export trade was exceptionally large that year, statistics show that from 1890 to the time the Democratic party took control of the Government our internal and foreign trade were increasing steadily and rapidly.

Mr. BRYAN. May I ask the gentleman a question?

Mr. HOPKINS of Illinois. Yes.

Mr. BRYAN. Will you please state to the House the balance of trade the year before and the year afterwards?

Mr. HOPKINS of Illinois. If the gentleman does not know it I will collect the figures and give them to him. I have not the exact figures here, but it is enough for me to say that the condition of our trade was such that there was no claim of hard times by any person, from the hod-carrier to the man who employed thousands of men. There was no claim that soup houses should be established to take care of the unemployed in this country, or that any American interests were not being properly and amply protected by the Administration that was then in power.

Mr. BRYAN. I just want to call the gentleman's attention to the fact that the balance of trade for the year he mentioned was very much larger than for the year preceding and the year after, and therefore was exceptional both in fact and in the cause.

Mr. HOPKINS of Illinois. It shows that it was in excess over the year before; but the gentleman will understand that the full operation of the McKinley bill had not been reached the year before.

Mr. BRYAN. But the year afterwards the balance of trade was against us.

Mr. HOPKINS of Illinois. Yes; your party's success had then begun to have its effect. The point I am making with gentlemen on that side, and especially with the gentleman from Nebraska [Mr. BRYAN], is this, that under the free operations of the McKinley law, a law that has been denounced upon this floor by the gentleman and his colleagues, our commerce and trade with foreign nations increased. Under the reciprocity clause of that law we increased our trade with the Spanish colonies and with the South and Central American States seventy-odd millions of dollars per annum.

Mr. BRYAN. The balance of trade in the year following was against this country, if I recollect correctly, \$18,000,000; at least it fell far below the year previous, and in the next year, and still under the McKinley law.

Mr. HOPKINS of Illinois. I want to say that I do not agree with the gentleman that the balance of trade was against us as he has intimated. It certainly was not while that law was administered by its friends. With the permission of the gentleman,

I will call his attention to a statement made by President Harrison on the increase of our foreign trade under the reciprocity clause of the law of 1890. He said:

The domestic exports to Germany and Austria-Hungary have increased in value from \$47,673,756 to \$57,963,064, an increase of \$10,319,308, or 21.63 per cent. With American countries the value of our exports has increased from \$44,160,285 to \$54,613,598, an increase of \$10,453,313, or 23.67 per cent. The total increase in the value of exports to all the countries with which we have reciprocity agreements has been \$20,772,621. This increase is chiefly in wheat, flour, meat, and dairy products, and in manufactures of iron and steel and lumber. There has been a large increase in the value of imports from all these countries since the commercial agreements went into effect, amounting to \$74,254,525, but it has been entirely in imports from the American countries, consisting mostly of sugar, coffee, india rubber, and crude drugs.

I refer to this as showing the happy condition of the people of this country, both in our domestic trade and in our foreign relations, under the legislation that was repealed and displaced by the bill which is now proposed to be amended as indicated in the speech of the Chairman of the Committee on Ways and Means.

Mr. Chairman, the gentleman who presented this bill, in the very able and elaborate speech he made the other day, placed his grounds for its passage in this House upon the following: First, he would have this bill become a law, and this one-tenth differential duty repealed, because, as I understood him to say, it works in the interest of the sugar trust; and, secondly, the condition of our Treasury under the operation of the present tariff law is such that this half million dollars revenue a year that is derived from this duty may well be dispensed with; and, thirdly, it is a breach of our international agreement with Germany, under what is called the "most-favored-nation clause."

The first reason given I shall take no time to answer. The bare statement of the case, it seems to me, must satisfy every member of this committee that the gentleman is mistaken. To one not versed in all the intricacies of free trade or blessed with more than Oriental imagination, it would seem that the cheaper the sugar trust can get its raw sugars from abroad the better able it will be to increase the dividends to its stockholders.

If there were no sugar trust in existence and all the refineries were competing for trade the repeal of a duty on raw sugar would probably reduce to some extent the price of sugar to the consumer. But where the sugar trade is under the control of one great trust the price to the consumer is dictated by it, and the repeal of this differential duty of one-tenth enables it to add that amount to its profits. The gentleman contends that this trust has its fingers on the throats of the people. He is taking a strange way to relieve that grasp. It may be wise to repeal this differential duty; but certainly not for the reasons advanced by the gentleman having the bill in charge.

Now, Mr. Chairman, let us look at the second reason that was advanced by the gentleman from West Virginia for the repeal of this duty. He said, if I understood him correctly, that in the near future, under the present tariff law, the Treasury will be overflowing with money. I fancy he is the only person in public or private life who indulges in such happy dreams of a replenished Treasury and financial prosperity. I know from reading the CONGRESSIONAL RECORD that no such roseate view is taken by Senators at the other end of the Capitol.

Mr. WILSON of West Virginia. Did the gentleman hear the President's message to-day which confirms all that I said?

Mr. HOPKINS of Illinois. I did hear the message, and there is not a word or a line in it in confirmation of the gentleman's position.

Mr. WILSON of West Virginia. I fear the gentleman did not hear it distinctly.

Mr. HOPKINS of Illinois. I heard it all.

Mr. WILSON of West Virginia. The President says there is no difficulty about the question of the revenue.

Mr. HOPKINS of Illinois. The President's message is, in effect, just the contrary. He shows that while \$116,000,000 of money have been placed in the Treasury of the United States recently by the sale of bonds, \$104,000,000 of that money has been taken to pay the current expenses of the Government. If \$104,000,000 of the money thus raised by the sale of bonds have been required to pay the expenses of the Government, I ask, How is it that the President's position and the position of the gentleman from West Virginia are in accord upon this question?

Mr. Chairman, when I was interrupted I was undertaking to show that the position of Senators who are members of the same party with the gentleman from West Virginia is not in accord with his attitude upon this question. I remember that only a few days ago the leader of the Democratic party in the other branch of Congress, Mr. GORMAN of Maryland, made the broad statement that not only would this tariff law which has been placed upon the statute book by the Democratic party be inadequate in its yield of revenue to meet the expenditures of the Government in 1895, but that under no probable conditions would it raise revenue sufficient to meet the wants of the Government in the fiscal year 1896; and when we come to examine the statements of the

condition of the United States Treasury and the receipts and expenditures of the Government that are given to us day after day and month after month by the Treasury Department, we find that they confirm the position taken by Senator GORMAN of Maryland and refute the contention of the gentleman from West Virginia who favors this proposed pending legislation.

Mr. Chairman, the present tariff law which was so lauded by the gentleman from West Virginia in his argument day before yesterday went into operation on the 28th day of August, 1894. Let us look at the condition of the Treasury of the United States from that time to the present and see whether we are advancing month by month to that happy condition of an overflowing Treasury, which was so beautifully and eloquently depicted by the gentleman from West Virginia when he presented the pending bill to this committee. I have gone carefully over the monthly reports of the Secretary of the Treasury since the act known as the Wilson-Gorman bill has been the law of the land, and I find that in the month of September the Government expended \$7,701,989.73 more than the revenue that it derived from all sources. In the month of October it expended \$13,573,789.79 more than the revenues received from customs dues and all other sources.

In November the Government expended \$9,065,784.81 more than its entire revenues under this bill which is taking us so rapidly to a surplus in the Treasury. In December the Government expended \$5,269,323.73 more than it received from all sources, including customs dues. But the gentleman from West Virginia undertook to satisfy his conscience on this question by reading a daily bulletin issued by the Treasury Department, from which he tried to demonstrate to the members of this committee and to the country that the day before he made his speech the revenues of the Government had exceeded its disbursements by \$89,000. I turn to one of these daily bulletins, dated January 22, 1895, and I find that during this current month, down to and including that day, the Government had expended \$10,292,750.26 more than the revenues it had received. Think of it for a moment.

Mr. WILSON of West Virginia. If the gentleman will look at a later date he will find that that was reduced to eight millions.

Mr. HOPKINS of Illinois. I have given the gentleman and the committee the figures on the 22d day of January, which show that there was a deficit of ten millions two hundred and ninety-two thousand and some odd hundred dollars. As the gentleman says, some days later that deficit was reduced nearly two millions; but I would like to know whether the gentleman understands how that decrease has been brought about. It has been brought about by not paying the pensions that are authorized under the laws of our country. If the gentleman will examine these daily bulletins he will find that on many days the Government expends as high as \$500,000 a day in the payment of pensions. But from January 22 to the present time there have been several days where not a dollar has been expended in this way and as a result the ten millions deficit has been reduced to eight millions.

But by not paying the pensions the Government is not escaping a just obligation. It is simply evading temporarily an obligation which must be paid to the survivors of the late war. This money must be expended, and the \$8,000,000 of expenditures over the receipts to-day will, in my judgment, be increased to nearly \$10,000,000 before the expiration of this month. So that we can see that instead of reaching, under the operations of this law, a position where our expenditures month by month will not be greater than our revenues, there has been every month since this bill has been a law not less than \$5,000,000, and sometimes as high as \$13,000,000, of expenditures over the revenues of the Government.

An examination of the annual report of the Secretary of the Treasury will satisfy any fair-minded man that under the operations of this law there is no hope of any relief to the Treasury of the United States. In his annual report made to Congress the honorable Secretary of the Treasury shows that as compared with the fiscal year 1893 the receipts for 1894 fell off \$88,914,065. Now, these annual revenues are the sums of money that are taken to pay the annual expenses of the Government; and unless we can have legislation which will bring into the Treasury of the United States annually an amount of money equal to or exceeding our annual expenditures, we never can hope to better our financial condition; we never can hope to place back the hundred millions of gold reserve in the Treasury where it was when the Republican party turned over this Government to Democracy; we never can hope, Mr. Chairman, for that happy condition of industrial affairs which prevailed during the four years of General Harrison's Administration.

In the report of the Secretary of the Treasury, where he gives the falling off of the receipts of the Government for 1894 as compared with 1893, he undertakes to make up a part of this by saying that there was a decrease of \$15,953,874.66 in the ordinary expenses of the Government; and, deducting that from the loss in the revenue, he makes the net decrease a little less than \$70,000,000. If any person desires to learn where that decrease in ex-

penditures came from he can find it in the next page of the report of the Secretary of the Treasury, where he gives an item of \$18,180,372.91 that was taken from the appropriations made by the Republican party to the soldiers of this country and covered back into the Treasury of the United States.

Had this Democratic Administration dealt as fairly and as honorably with the soldiers of the late war, the defenders of our flag and country, as did the Republican party during the four years of Republican Administration, instead of this deficit being only \$70,000,000, as stated by the Secretary of the Treasury, it would have amounted to more than \$91,000,000. I am sure I speak the sentiments of the great mass of the people of this country when I denounce a retrenchment that takes from these men the millions of dollars that were provided for them by the legislation of the Republican party and covers the money back into the Treasury for the purpose of making the totals presented in the Secretary's report.

The third proposition, Mr. Chairman, made by the gentleman from West Virginia to show why this bill should become a law and this one-tenth differential duty be repealed, is that it is in violation of our treaty stipulations with Germany. He dwelt most ably and eloquently upon the fraternal relations that should exist between our own nation and foreign countries. I am sure that the Republicans of this House and the country are as desirous as the gentleman himself that our relations with Germany and all other foreign countries should be of an amicable character and that American products should enter the markets of these countries under the most favorable terms. We are reminded, however, when he speaks of the sacred character of treaty agreements, of the ruthless manner in which his party struck down our treaty stipulations with foreign countries under the reciprocity clause of the McKinley bill, and gave to the country a law which has depleted the Treasury of the United States, which has bankrupted many of our large industries, and has brought want and starvation to the doors of the laboring people of this country.

We can not forget, Mr. Chairman, that when the Democratic party repealed the McKinley Act they refused, notwithstanding the suggestions of the Republican members of this House and the Senate, to permit the reciprocity clause of that legislation to remain in force; they refused to permit that statute to remain which had opened the markets of Cuba and Brazil and other South and Central American States to the wheat-growing country of the West and our great milling interests. There is not a member on this floor who has not received communications from the representatives of the milling interests of the country protesting against the striking down of our treaty stipulations with Cuba, Brazil, and other southern countries.

It is well known that our trade with Cuba alone had reached more than 1,000,000 barrels of flour per annum under the reciprocity clause of the McKinley Act, and if I am not mistaken we had reached the same enormous figure in our flour trade with Brazil. And yet, understanding as they did that the wheat growers of the West, the milling interests of the Northwest and the great West, were immediately interested in this, they repealed this act and thereby practically deprived the American producers of this product from entering into the markets of Cuba and Brazil. Consistency is a jewel not possessed by the Democratic party.

I shall not take the time of this committee to go over the arguments which have been so ably and so forcibly presented by my colleagues on the committee, the gentleman from New York [Mr. PAYNE] and the gentleman from Pennsylvania [Mr. DALZELL], showing that the imposition of this differential duty is no infraction of that treaty stipulation. The argument which was presented this morning by the gentleman from Pennsylvania is unanswerable upon that point. His demonstration is as clear as the sunlight in a summer's day that the Secretary of State, in his communication to the President, has mistaken the precedents of this country and the positions which have been assumed by his predecessors in that great office; and he has shown by a line of argument which is unanswerable that by the imposition of this duty we do not interfere in the least with our treaty stipulations with that great country.

Mr. Chairman, the communication which was read here the other day from the German ambassador speaks as though this country had an international agreement with the German Empire on this subject. It has been brought out in debate, however, that the treaty stipulation mentioned is only with the Kingdom of Prussia, and that the other 24 states that form the great German Empire have no lot or parcel in this international agreement which is claimed by the German ambassador and admitted by our Secretary of State to have been violated by our Government when this differential duty of one-tenth of a cent was added to the duty on all sugar from countries paying an export duty.

There is no evidence that has been brought to the attention of this committee that any of this sugar that pays the differential duty is produced in Prussia. It seems to me it would have been

wise on the part of the German ambassador, as well as on the part of this Democratic Administration, to have acquainted the members of this committee with all the facts bearing on this subject. If Congress is to act, full information should have been given to the Members of the House and the Senators.

The exclusion of our beef and meat products from Germany under the order of that country on the 18th day of October last is not because our Government imposed this differential duty on sugar from export or bounty-paying countries. I would like to have the attention of my Democratic colleagues upon this point, because here is a great industry, affecting the West and the Northwest as well; an interest that reaches from Texas on the south to the British Possessions on the north; an interest that has grown to an aggregate of millions of dollars per annum since the negotiations were concluded between the two Governments under the late Republican Administration which admitted these products into the German markets. The statistics that have been given to me by the Agricultural Department show that since the fiscal year 1893 we have exported to Germany from the United States a total of 8,131 head of cattle, of the value of \$776,072; that we have exported in bacon, hams, and pork 47,727,911 pounds, the aggregate value of which is \$3,713,162.

Now, ever since the German Government allowed the importation of American meat products into her markets there has been considerable opposition made to these concessions by one class of German subjects. They have contended that the American meat should be excluded, and the Government in the interest of this class, in my judgment, has taken this differential duty as a pretext to revoke the orders under which American beef and meat products were sold in German markets. The Agricultural Department is in possession of facts relating to this subject which fully warrant my conclusions.

One of our consuls in Germany, in a report to the State Department, uses this language:

The butchers and veterinarians who slaughter and examine cattle and meat at the Bremen slaughterhouse are my authority that the cargo of American cattle which came here were the healthiest ever slaughtered in Bremen.

An American agent who is in Germany to-day under provisions that are made by the Secretary of Agriculture, in a letter that was sent to that Secretary, says, in speaking of the exclusion of American live stock and meats:

In this report I first pay my attention to the dressed beef which has been imported from the United States, and it will not require much space or excessive explanation to show that the quality of the American dressed beef was excellent, and consequently that the prohibition order excluding it from the German market seems not only ridiculous but offensive.

In this report, which is too long to read, our agent shows, from careful and extended inquiries with different persons in the German Empire, that the American meat sent to the German markets is as pure and free from disease as that furnished not only by the native producers, but was as good as the meat sent from Denmark or any other European country.

Now, Mr. Chairman, it seems to me that when the German Government sets up such a false pretense as this, that our cattle and hogs and dressed meat are diseased and hence should be excluded from her markets, that before we repeal this legislation and acknowledge to her that the United States has done her a wrong, we should adopt some legislation which will place Germany in a position where she will admit all American products into her markets under as favorable terms as those from any other foreign country. Let Germany first do justice to these American interests before she has granted to her the concessions she is contending for.

Mr. VAN VOORHIS of New York. Let me ask the gentleman whether other commodities besides sugar are shipped from Germany into the United States?

Mr. HOPKINS of Illinois. Oh, yes; more than \$50,000,000 worth of products are imported from the German Empire annually.

Mr. VAN VOORHIS of New York. Suppose we pass a law prohibiting them from selling their bogus shotguns in this country.

Mr. HOPKINS of Illinois. Well, it would be only what Germany is now doing with reference to certain of our products.

Mr. Chairman, I do not agree with the gentleman from Georgia [Mr. TURNER] who has just addressed the committee, that we should remove this legislation for the purpose of satisfying Germany that we are desirous of her trade. That Government is an aggressive one. Her people are looking out for their own interests, and not for the interests of the American people or the American Government. Germany has placed this restriction upon our products not because her people are offended on account of certain alleged privileges that have been given to the people of this country in our tariff laws, but because they desire to control their markets against the American products.

In the legislation that was given in this country in 1891 by the Republican party the President of the United States is clothed with authority to protect these interests if he will; but if he is

not disposed to stand by America in this controversy with Germany, then it seems to me it is high time for the legislative branch of the Government, by the adoption of the amendment I have proposed, to show not only to him but to the German Government that this differential duty will be collected unless these restrictions upon American products are removed and that Americans are given the same opportunity to enter the ports of that great country and enter the markets there to sell beef, bacon, and pork under as free and fair conditions as are granted to Denmark or any other foreign country.

Why, Mr. Chairman, any other position than this would not be American. I for one can not engage in encomiums upon an Administration, I care not what its political character may be, that will not put American interests first and foremost.

In this matter we do know that Germany has again and again placed conditions and restrictions upon American products that have made it almost impossible for our producers to enter her markets. We do know that she has thrown every obstacle in the way of the American hog entering her ports and displaying his superior qualities in her chief cities.

It was Germany's unfriendly attitude toward American live stock and dressed meats that caused Congress to enact what is known as the meat-inspection law in 1890. Since that date the United States has spent hundreds of thousands of dollars in inspecting cattle, sheep, and dressed meats for exportation. One would suppose that a certificate signed by a Cabinet officer, the Secretary of Agriculture, that a cargo of bacon, ham, and dressed beef has been carefully examined by Government inspectors and is free from any disease would be sufficient. It is a matter of common notoriety, however, that the German authorities ignore the certificate of our Secretary of Agriculture, and make their own inspection of all such products, and often condemn American live stock and meats without reason or justification. Facts in possession of the Agricultural Department fully justify the conclusion that a systematic discrimination is made against American products in all the great German markets.

Now, it seems to me, Mr. Chairman and gentlemen of this committee, that it is high time for the American Government to assert itself, that it is high time for us to say to the country that is sending millions upon millions of dollars of her products here that if she desires the benefits of American markets she must accord to us like privileges and like benefits.

When an officer of the United States holding so high and responsible a position as that of Secretary of Agriculture certifies that a cargo of cattle have been inspected in conformity with the requirements of law and are free from disease and have not been exposed to contagious disease, that certificate should be received by the German authorities without cavil or question. The manner in which it has been treated in Germany is little less than an insult to our Government. Mr. Chairman, a proud and patriotic Administration would not tolerate such disregard of our Government inspections. Germany would long ago have been called to an account for her unjust and unwarranted disregard of our Government inspection of cattle, sheep, and meats that enter her markets if this Administration were possessed of the true American spirit. Instead of looking to the interests of American citizens, instead of protecting the rights of Americans who are engaged in trade with that country, the President and his Secretary of State submit to all of the exactions imposed upon Americans without a murmur.

They say to Germany, "You can disregard the certification of our Secretary of Agriculture, you can disregard the certificate that is made by our Government inspectors, and you can inspect these meats yourselves, and then exclude them if you please, and we will continue to take your products on such terms as you may impose. Not only that, if you are dissatisfied with any legislation that Congress has placed upon our statute books for the benefit of our industries and of our laborers, all you have to do is to make that known to this Administration through your ambassador, and we will quietly and humbly submit and will remove all restrictions that interfere with the free importation of German products into the American market."

Mr. Chairman, if the amendment that I have proposed here is adopted by this House it will inaugurate a new policy in this country. It will say to the German people that the American Government proposes from this time on to look to the interests of her citizens, and that she must from this day forward give Americans the same privileges in her markets that are accorded to other countries, or that all restrictions and limitations that can be imposed for the benefit of American industries and American citizens will be exacted upon all products entering our markets from that Government.

Mr. Chairman, I trust that the amendment I have proposed will receive the approval of my Democratic colleagues. It seems to me that with the facts and figures that have been presented by the Secretary of Agriculture relating to this great industry they can do no less, standing here as they do, to represent the American Government. [Applause.]

Capt. Isaac D. Toll.

SPEECH OF

HON. THOMAS A. E. WEADOCK,
OF MICHIGAN.

IN THE HOUSE OF REPRESENTATIVES,

Friday, January 25, 1895.

The House being in Committee of the Whole for the consideration of bills on the Private Calendar, and having under consideration the bill (H. R. 6639) to increase the pension of Capt. Isaac D. Toll—

Mr. WEADOCK said:

Mr. CHAIRMAN: I want you to vote with me and defeat the amendment recommended by the Committee on Pensions. The beneficiary of this bill is 77 years of age. His great grandfather was killed in the Indian wars fighting for the colonies. His grandfather fought for us in the Revolutionary war; his father fought in the war of 1812, and Captain Toll rendered gallant service in the war with Mexico.

His maternal uncle, John I. De Graff, was widely known as a public benefactor, the first president and one of the main projectors of the Mohawk and Hudson Railroad, one of the first (as has been claimed) for passenger travel in the United States, thrice mayor of his native city, Schenectady, N. Y., and twice in Congress, 1827-1829, 1837-1839. By the aid rendered by Mr. De Graff to Commodore McDonough, that gallant officer was enabled to get the fleet ready to meet the enemy on Lake Champlain September 14, 1814, the victorious result of which we know; and will add that Mr. De Graff in his advances to the Government lost by depreciation of Treasury notes \$30,000, \$8,000 of which only was paid to his executor, Judge Jesse D. De Graff, in 1856, the death of Mr. B. Bleeker, of Albany, his most important witness during the prosecution of the claim, cutting off the remainder. The capture of Washington by the British rendered the Government powerless to aid the gallant commodore, so he appealed successfully to Mr. De Graff.

He asks that his pension be raised from \$8 to \$20 a month. The committee refused to allow him more than \$12. I think that this is a case in which this committee will be justified in defeating the amendment of the Committee on Pensions and give this man a pension of \$20 a month.

In support of my contention I ask you to consider his services to his country, which I will briefly recount.

Capt. Isaac D. Toll was captain in the Fifteenth Infantry, United States Army, in the war with Mexico, and served from March 2 to December 4, 1847. The Fifteenth Regiment of United States Infantry was composed of five companies from Ohio, one from Wisconsin, one from Iowa, and three from Michigan.

The companies from Michigan were designated as A, E, and G. Captain Toll, being captain of Company E, proceeded with the army of invasion under General Scott and left Pueblo on the 10th of August, 1847, and participated in the battles of Mexico in the months of August and September of that year, resulting in the capture of that city.

Captain Toll's company had command of the colors and center of the regiment.

On the 27th of April, 1847, the men forming Company E, 91 noncommissioned officers and privates, concentrated at Detroit barracks.

On the 5th of May, after being reviewed by Gen. Hugh Brady, they marched to the wharf to take the steamboat *John Owen* for Toledo, en route to Cincinnati. They went by canal from Toledo and arrived at Cincinnati, Camp Washington, on the 10th of May, and left there on the 18th with the rest of the regiment, except Company G, with New Orleans for their next station, where they arrived on the 29th, and on the 1st of June embarked on the ship *Russia* for Vera Cruz.

Many of the soldiers suffered from ship fever, and as the supply of water seemed insufficient, matters looked gloomy, but upon a measurement it was concluded that, with a favoring breeze, they might, with economy, get through. On the 8th the canvas swelled and they went through the water finely, and on the morning of the 15th grand Orizaba, with its snow-capped dome, looked beautiful in the distance, and they were in the harbor of Vera Cruz.

Maj. F. D. Mills, of Iowa; Lieut. E. C. Marshall, of Kentucky, brother of Thomas F., both of the Fifteenth Regiment, and Capt. Isaac D. Toll first landed at the historic castle of San Juan, and were cordially received by Major Backus, of Monterey fame, a son-in-law of Gen. Hugh Brady, and by Major Smith.

They returned to the ship, taking the town in their way, and the next day took boats and landed with all the men in surf, waist deep, at Camp Twigg, 3 miles above Vera Cruz. Remaining two

days in camp, on the 18th their whole force of about 1,200 under General Pillow, after a late start, encamped at Rio del Media. They were now in the sandy coast country, in the indescribable midsummer heat of the tropics. The next morning the regiment prepared for an early march; but did not move until after 7 o'clock, by which time it should have made nearly half of the day's journey. By noon the intolerable heat and deep sand told severely. Men gave out. The order of the march was broken up, every one for himself.

Captain Toll cautioned his men as to economy in water, and Corporal Napoleon B. Perkins, of Niles, that hardy, brave, foremost, most useful man, carried two large extra rubber bags filled as usual for extra occasions, which he gave judiciously, and with other good management, saved the entire company from loss that fearful day, although ten men died out of the regiment, and many were brought in wagons sent after them and whose lives were only saved by stimulants. With the drum major, Francis Flanders, of Fawn River, and 15 of his company, Captain Toll was the first of the regiment to reach their encampment at River San Juan. The heat was so intense that in order to lighten the load and thereby reach camp earlier, every possible thing that could be discarded in the way of baggage was thrown out on the way, it being a question of life or death; being able even then to make but 12 miles in that memorable march.

The belongings of Captain Toll went with the rest, nor was anything ever recovered. They rested the next day, but the day following proceeded to Paso del Ovejas, going by several unburied bodies blackened by the sun, and began to leave the coast level for higher lands, but the ascent was small. The 22d they encamped at the National Bridge, the heat still excessive, and the usual night alarms disturbing the tired men.

Many of those who fell at Cerro Gordo were buried here. The next morning as they were still ascending the hills beyond Cerro Gordo, Captain Toll's company flanking wagons, he heard rapid musketry firing. The men were soon formed and faced the fire with the deliberation of veterans. The guerrillas shot a little over, as the marks of their bullets showed on the trees. They delivered one volley and we then advanced with trailed arms, the chaparral being very thick, and dispersed them, soon coming upon their low stone-wall breastworks and obtaining some corn cakes or "tortillas," as they were called, which the men found very good. The guerrillas had killed one teamster and wounded two sick soldiers who were riding in the wagons. The affair soon brought General Pillow to the ground, and by his order Captain Toll directed Lieutenant Goodman to scour the other side of the road with half of the company. Colonel Morgan then arrived from some distance in the rear and gave hearty congratulations, the more especially as the voltigeurs who were in advance had not penetrated the chaparral and the company had acted with promptitude.

Captain Toll's company was detailed to escort a forage train, going 11 miles out and returning the same route. Through formidable passes, the ascent being so nearly perpendicular it was almost climbing, in a mountain atmosphere, they saw La Hoya, 13 miles distant, and on the 30th arrived at Cruz Blanco, an elevation of about 7,700 feet. The chilled men, being deficient in tents and blankets, built fires and laid as compactly as possible, nor was their comfort or vitality improved by insufficient and inferior rations, as provisions, as well as tents, had been sacrificed the second day's march from Vera Cruz, and it was only by the most strenuous efforts that a part of the blankets were saved.

Their next encampment was at Perote, July 1, which boasted of a well-constructed fortress, which was occupied by them as a hospital. It was wholly unprotected from the winds, being on a level plain, and the elevation of 7,000 feet made it very unfavorable. Twelve sick men were left there, and soon after they died. Something like ship fever on the Gulf, the terrible heat of the coast country, and the sudden change to mountain atmosphere with insufficient protection had been doing fearful work.

The line of march now lay from Perote to Tepeyahualco, July 3; to Vireyes, July 4; Ojo del Agera, July 5; Elpinel, 6; Acaxote, 7; and on the 8th they reached the beautiful city of Puebla, where they remained until August 10. Here Colonel Morgan highly praised the appearance and discipline of Captain Toll's company. This honor, however, belonged more particularly to First Sergt. John Cunningham.

There was much sickness and many deaths while at Puebla; from the dreadful scourge, from which hardly any were exempt. Not more than half of the original number of Captain Toll's company marched from Puebla, August 10, on their way to the City of Mexico, said company marching at the head of the regiment. The third day's march, to Rio Frio, and the fourth day's, to Venta de Chalco, were forced and told on the men. A few miles from Rio Frio they could view the City of Mexico at their feet. Having now passed the advance guard, they remained here for the 14th and 15th, when they had drill and inspection. They now made a detour by Chalco to avoid the strongly fortified works prepared for them, arriving after two days' march at Xochimilco, August

17, having had a rough march. On the 18th they reached San Augustin, about 13 miles from the City of Mexico. On the 19th they received a heavy fire over the pedregal, confronting General Valencia at Contreras. After crossing a streamlet, Captain Toll directed his men to lie down. His company was on picket guard in constant rain during the night, and at gray of morning, without any food, proceeded to attack an entrenched camp, acting as a supporting force to Colonel Riley's brigade, and taking the camp.

Through a road strewn with debris of a routed army, worn and hungry, they halted at San Angel for half an hour, 5 miles from the battlefield, and each receiving not over 3 ounces of soft bread marched to Cayacan, 8 miles farther.

They were met here by General Scott, still flushed with the morning's victory, who said to them, "Make haste, my sons, or they will be gone before you reach them." They would have taken the order better if they had not been so nearly famished. Capt. R. E. Lee, accompanied by General Pierce and Colonel Morgan, pointed out the way to the enemy, which having done he returned to headquarters or to rejoin General Scott.

Captain Toll's company at this time did not exceed 30 men. The forced marches in ascending the high lands and then descending into the valley, with the work the day before and night in and about Contreras, had further diminished the small number.

The entire regiment had but 283 men. It now, with the New York and South Carolina regiments, the Ninth Infantry, and a few others, had to encounter thousands of the choicest troops under the immediate command of General Santa Anna, being the rear and reserves of the Mexican army, which presented a brilliant and long-extended front. The Michigan companies A and E behaved splendidly under a most galling and destructive fire concentrated upon the regiment before the New York and South Carolina volunteers formed on their left. They had fought three battles, two days without food, and on picket guard in turn at night.

Captain Toll had ordered his first sergeant, John Cunningham, because of illness and utter exhaustion, not to attempt to proceed from Cayacan (Scott's headquarters), where he had left him, but when they had formed in line of battle was surprised to find him at his post. He fought gallantly. Though shot through the thigh, he continued to load and fire, sitting on the ground, until exhausted from loss of blood. The brave fellow died from the wound the third day after the battle.

Captain Toll went three times to obtain permission to charge and failing to obtain it he formed and re-formed the regiment and charged contrary to orders. So successfully and with so much judgment did he push the enemy that his conduct was very much applauded and he ultimately received great commendation. The beloved Colonel Morgan had been severely wounded early in the engagement, and thus they were deprived at a most critical period of the leadership of one whose high courage (proved on other fields) and splendid bearing were ever the admiration of rank and file.

The other Michigan company, A, grandly shared in these dangers, led by the faithful, intrepid Samuel E. Beach, Captain Van Devanter being sick at the hospital of Mixcoac, and the gallant Lieut. E. R. Merrifield being obliged to remain at Pueblo on account of severe illness, where he distinguished himself during the siege of that place by leading a daring assault upon the enemy, and which was commended in official dispatches. The Mexicans fought with spirit, and a heavy body of lancers threatened the left flank. Reno's light battery aided them, and as their ammunition was about exhausted they began to waver, and when pushed broke into a rapid retreat and were then pursued by both infantry and cavalry. Maj. F. D. Mills, of the Fifteenth Regiment, joining the latter, his bay mare carried him farther than any of the army penetrated that day. He had often been cautioned by Captain Toll about riding her into an engagement, as she was beyond the control of any man in the rush of battle. He went beyond the dragoons into the city gates, to his death, contrary to the account of Santa Anna, who stated he had ordered him to be kindly treated, and contrary to the treatment three handsomely dressed, finely mounted Mexican officers received from the regiment at Contreras on the afternoon of the 19th (soon after they crossed the Judregal), who, riding directly in front of the regiment, were saved by Captain Toll's orders from the fire of the leveled muskets.

In the pursuit at Churubusco several of the enemy were taken prisoners, one of whom in capturing him turned his musket upon Captain Toll, but he saved him. As they were halting from the pursuit they saw troops who looked like Mexicans in their dark blue clothing immediately on the lately left battle ground, among their wounded. For a moment this was most alarming. They, however, soon recognized the yells of their own rifle regiment, sent forward too late to render help. After caring for the wounded they proceeded directly (it was then night) to San Antonio, nearly 5 miles, in the rain. A Mr. Lumpkin, of Georgia, most kindly dismounted from his own handsome bay and assisted Captain Toll to mount, as he had been injured, and he rode to

their destination without food and thoroughly drenched, found solid slumber on the brick floor of an upper story of a large hacienda.

The company fared better, the men finding a bountiful supply of straw in a neighboring barn, upon which they slept. The next morning they presented a most ludicrous appearance rather than military, as their clothes, being covered with mud the night before, now had the addition of straw. The achievements of the 19th and 20th of August, 1847, performed by half-famished men, the marches and battles, are matters of record.

The survivors of the regiment were drawn out on the high ground west of El Molino del Rey on the 8th of September, but, while in range of heavy ordnance, did not participate in that most sanguinary battle except as a supporting force. Here Lieutenant Freelon rejoined the company. Lieutenant Titus was also present, and William S. Smith acted as first sergeant. Captain Toll commanded his men on that day, although unfit for duty, and on the 10th went to the hospital at Mixcoac, and on the 13th rode in an ambulance to Chapultepec.

On the 21st day of September, when Captain Toll was officer of the day at the castle, he released 200 more prisoners, who were sent under guard to the city prison, about 2 miles east. At the same time he gave liberty to four military cadets not over 14 years of age, who served bravely as powder monkeys during their assault. When the lads pointed Captain Toll out to their parents they showed their appreciation of his kindness by hugging him on the street. The battles of the Fifteenth Regiment here ended, and General Scott directed that it should garrison Chapultepec, which is 2 miles west of the city.

In January the regiment moved to El Molino del Rey, and soon after marched to Cuernavaca, the company being commanded by Captain Freelon. Captain Toll's official connection with the regiment ceased on the 27th of October, when he resigned his commission.

This course was in accordance with his intentions when he received his appointment, which had been strengthened by ill health, commencing at Vera Cruz, and an injury which he received at Churnbusco which had proved very troublesome.

He had various and important interests at home requiring his attention, and his entering the Army was most inconvenient; he was connected with State military affairs, having held several commissions, including that of major-general; on committee of military affairs in both branches of the legislature; of a family which had been engaged in the early Mohawk Valley Indian wars, having had several relatives engaged at one time. His great-great-grandfather, Capt. Daniel Toll, and his maternal great-great-uncle were killed in the same engagement, at Beechdale, July 18, 1748. He also had relatives in the war for independence, and that of 1812, his father being in the invasion of Canada in 1812, as captain in the New York Flying Artillery. The course for him to adopt was very clear, and he resigned only when actual hostilities had ceased and his services were no longer needed, except perhaps in garrison duties.

He arrived home on the 18th day of December, and a few days later received the following flattering letter from Governor Ransom, from his home at Kalamazoo, which was soon followed by an appointment on his staff:

Allow me to congratulate you on account of the high character you have won for yourself by your gallant conduct and bravery during the period and amid scenes and events of the most brilliant military campaign the world has ever witnessed. I congratulate you on your safe return to your family and friends. I pray God that the laurels you have gained may garland your brow in unfading freshness through a long and happy life, and I most cordially welcome you back to Michigan. Please make my respects to Captain McReynolds, and, if you see him, to Lieutenant Rosecrantz, and believe me most sincerely and truly,

Yours, etc.,

EP. RANSOM.

PONTIAC, MICH., May 23, 1838.

To the PRESIDENT, Washington, D. C.:

In order to explain the purport of this letter it is necessary to state that as Lieutenant of Company A, Fifteenth United States Infantry, war with Mexico, I received a brevet for distinguished conduct at the battles of Contreras and Churnbusco August 30, 1847, and was colonel of the Fifth Regiment of Michigan Infantry, war of rebellion. With the above premises I desire to set forth that Isaac D. Toll, now postmaster at Petoskey, commanded Company E as captain in the same regiment with me, that he acted under my eye with distinguished valor, receiving special commendation, being foremost at critical moments in the battle in forming and leading the men, and everywhere always acted with the greatest promptitude. All who were mentioned honorably received brevets except him. I beg leave to refer to the appendix of President's message to the Thirtieth Congress, being the report of the Secretary of War, pages 105, 106, 107, containing the report of General Pierce of August 23, 1847,* in which the names of Jones, Toll, Hoagland, and Chase occur as captains, and Bowie, Beach, Becket, and Wiley as lieutenants.

I have the honor to be, with great respect, your obedient servant.

SAMUEL E. BEACH.

* Commanders of regiments speak in terms of high commendation of the following officers:
"Captains Jones, Toll, * * * Lieutenant Beach, and others, all of the Fifteenth Regiment."

In the war for the Union Captain Toll, then unable to render military service, aided the cause in every way. During Cleveland's first Administration he served as postmaster of Petoskey, where he has long resided.

In his declining years he has met with adverse fortune, and surely a grateful country will cheerfully indorse the grant of the pension allowed by this bill.

The Currency.

Nothing but evil springs from this imaginary money wherever it is tried.—
James Madison.

SPEECH

OF

HON. GEORGE W. COOPER,

OF INDIANA,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, February 6, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8706) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. COOPER of Indiana said:

Mr. CHAIRMAN: I listened with much interest to the remarks of the very able and distinguished gentleman from Maine [Mr. REED] yesterday upon the pending question. He began by calling our attention to the fact that under our present financial system there had devolved upon the Treasury Department, in addition to its ordinary administrative duties, the business of banking; that the United States, having issued its notes and announced its readiness to redeem those notes at the pleasure of the holders, was under the necessity of keeping a reserve constantly on hand for that purpose, and to respond to every demand upon that fund.

He says that the "business establishment" of the Treasury has been running astern, and that instead of borrowing money on its own account it has taken the money of the banking department and reissued it; that the result is what is known in popular phrase as the "endless chain," and that by this process the United States is made purveyor of gold to the rest of the world.

So far, Mr. Chairman, there is no reason to complain of this statement of the case. That such process is and has been going on no one will dispute. But when the gentleman tells us that this condition is not the legitimate and unavoidable operation of our system of finance as affected by existing conditions I must beg leave to dissent. The gentleman knows perfectly well that the Secretary has no power or authority under existing law to borrow money with which to meet current deficiencies; he knows that under the act of May 31, 1878, the Secretary is obliged to take from what he calls the banking department, the redeemed Treasury notes, and reissue them. That law is mandatory; there is no discretion.

Mr. Chairman, I am unable to understand the gentleman when he tells us that this condition of things never need to have occurred under existing law, or that it is not the logical and necessary result from our present system of finance.

He has offered a substitute, and perhaps we may be able to see his real position in this proposed measure. This substitute consists of two sections and, omitting matters of detail, they embody each a separate proposition. The first section confers authority to issue bonds to support the operations of the banking department of the Treasury, and the second to meet the engagements of its business department.

But what disposition does this substitute make of the Treasury notes? Where, in either or both of these sections taken together, is the remedy for the operation of the "endless chain?"

With all due respect to the gentleman, it seems to me that he is just a trifle shy on that question. Now, this substitute will certainly enable the Secretary to replenish his gold reserve, if need be, over and over again; but how are we to escape, what we all deplore, the unprofitable task of furnishing gold to all the world?

There is absolutely nothing in his bill to provide against that contingency.

I know, Mr. Chairman, that the gentleman tells us that the Secretary should not pay out the greenbacks, but should borrow money to meet current deficiencies; but this is equivalent to a repeal of the law of 1878. The gentleman can not repeal that law by his argument; why does he not write it in his substitute. Let us now, therefore, see where the gentleman stands, construing his substitute and his speech together.

First, he would authorize bonds with which to buy gold with which to redeem Treasury notes,

Second, he would authorize bonds to meet Treasury deficiencies, so that the Treasury notes should remain untouched, their fate awaiting some future determination.

Third, he would not repeal but leave in force the law of May 31, 1878, which reads as follows:

And when any of said notes may be redeemed under any law, from any source whatever, and shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued, paid out again, and kept in circulation.

Here are the gentleman's words:

Our situation is this: We were redeeming greenbacks when they were presented. If the revenue was equal to the expenditures whenever a greenback was redeemed it would stay in the Treasury, and this notwithstanding the fact the Secretary is authorized to reissue; for it is not either the authorization or even the demand of the law that they shall be reissued that causes the trouble. It is the fact that they are reissued. It is the fact that their reissuance causes this continued depletion of the Treasury.

But the law says they "shall be reissued, paid out again, and kept in circulation." Now, what becomes of the gentleman's contention that the Secretary may retain these notes and issue bonds for other money with which to meet his engagements?

If the gentleman will examine the debates in the Senate while the bill was pending there, he will see that the language used was purposely, deliberately chosen.

Why, sir, an effort was made to amend and modify the bill somewhat after the fashion of the gentleman's conception of this law.

Senator Mathews offered this substitute for that very mandatory provision:

They shall be reissued from time to time as the exigencies of the public service may require.

That substitute was defeated, and the law was enacted as I have given it. There is no escape from this situation except by legislation, and this substitute does not attempt to deal with that which seems to me the most serious cause of the present complication. It neither proposes to retire the Treasury notes nor to modify the law which compels their post-redemption issue.

RETIRE THE TREASURY NOTES.

Mr. Chairman, if the Government embarks in banking and issues paper promises intended to circulate as money it becomes amenable to the conditions and responsibilities which attach to that kind of business. It must be ready at all times to redeem its promises in money on demand or they will depreciate. In order to float these promises and make them equal to gold it was thought necessary to accumulate \$100,000,000 in gold, and that sum has been so kept except when temporarily depleted.

Mr. Chairman, I am in favor of retiring these Treasury notes entirely and finally. I wish to see our Government relieved from the responsibility of the banking business, the Treasury limited to the exercise of its legitimate functions under the Constitution, and the people secured against the danger of an unsound currency.

THE CONSTITUTIONAL QUESTION.

First, I wish to call attention to the fact that the power of the Government under the Constitution to issue its notes and make them a legal tender in payment of debt is and always has been disputed. In the "Plan of a Federal Constitution," as proposed by Charles Pinckney, among the powers which were to be given to the "Legislature of the United States" there were enumerated, "Borrow money and emit bills of credit."

In committee this language was changed so that it read when reported:

Borrow money and emit bills on the credit of the United States.

In the convention Gouverneur Morris moved to strike out the words "and emit bills," and the motion, after a full debate, was carried by the votes of all the States but two, and the clause was made to read as it now stands: "Borrow money on the credit of the United States."

An outline of that debate may be found in the Madison Papers, and if anyone has any doubt as to the purpose of that body to forever prohibit Government issues of paper money, an examination of that discussion will remove that doubt. Mr. Madison said that this action was taken to cut off the pretext for a paper currency, and particularly for making the bills a tender either for public or private debts.

It has been contended, I believe, by some that the authority to coin money included the power to issue a legal-tender paper currency, but it was provided in another section that no State should have power to make anything but "gold and silver coin a tender in payment of debts." It would therefore seem that having discussed and rejected the only proposition which they thought might confer that power upon Congress and having expressly prohibited it to the States, the framers of the Constitution had limited legal-tender money to gold and silver coin.

In a letter written by Mr. Madison to Thomas Jefferson, while the Convention was in session at Philadelphia in July, 1787, he said:

"* * * I am still under the mortification of being restrained from disclosing any part of their proceedings. As soon as I am at liberty I will endeavor to make amends for my silence, and if I ever have the pleasure of seeing you I shall be able to give you full gratification."

In this letter, written as you see at the very time and place when and where the Constitution was being discussed and created, Mr. Madison adds, referring to paper issues:

Nothing but evil springs from this imaginary money wherever it is tried, and yet the appetite for it where it has not been tried continues to be felt.

That great Missourian, Thomas H. Benton, who was then the especial champion of President Jackson, said in the Senate in 1834:

The power granted to Congress to coin money is an authority to stamp metallic money, and is not an authority for emitting slips of paper containing promises to pay money.

He said that he—

was one of those who believed that the Government of the United States was intended to be a hard-money Government. * * * It is the money and the only money of the Constitution, and every early statement on the subject of money confirms that idea.

Mr. Webster, in discussing this subject in the Senate in 1836, said:

Most unquestionably there is no legal tender and there can be no legal tender in this country under the authority of this Government or any other but gold and silver, either the coinage of our own mints or foreign coins, at rates regulated by Congress. This is a constitutional principle, perfectly plain and of the highest importance.

That such was the belief of those who framed the Constitution and of those who interpreted that great instrument to us is shown by the fact that never during the lifetime of any of those illustrious men was a legal-tender issue proposed or seriously discussed.

Such, I repeat, Mr. Chairman, were the views of the fathers of the Republic, and such were the opinions and the practices of those who administered this Government for three-quarters of a century prior and up to the passage of the first legal-tender act in 1862.

If you will read the debates in this House and in the Senate upon the constitutionality of that measure you will be impressed with the reluctance which characterized the resort to this extraordinary and theretofore entirely unassumed authority.

Mr. Conkling said:

The proposition is a new one. No precedent can be urged in its favor; no suggestion of the existence of such a power can be found in the legislative history of the country.

It is hardly too much to say, therefore, that the uniform and universal judgment of statesmen, jurists, and lawyers has denied the constitutional right of Congress to make paper a legal tender for debts to any extent whatever.

Mr. Pendleton said:

When I come to examine the powers of Congress according to the principles of interpretation to which I adhere, I look to the grants of the Constitution. I find no grant of this power in direct terms or, as I think, by fair implication. It is not an accidental omission; it is not an omission through inadvertency; it was intentionally left out of the Constitution, because it was designed that the power should not reside in the Federal Government.

Those who favored the bill did so under the plea that it was a "war measure," a "measure of necessity." Mr. Kellogg said:

If this question came up in ordinary times I am frank to confess that I might perhaps have had some doubt of its constitutionality sufficient to induce me to oppose it. * * * But, sir, in this our extremity, while we are struggling to perpetuate our Government, I am willing to go to the very verge of the Constitution.

Senator Fessenden rested the argument for the action "upon the ground of absolute, overwhelming necessity." He put it in the same category with such acts as confiscation. He said:

The question after all returns: Is this measure absolutely indispensable to procure means? If so, as I said before, necessity knows no law.

Mr. Chairman, it was under conditions and influences such as appear from the statements contained in this discussion that these notes were issued. It is true they were upheld by the courts and their constitutionality affirmed, yet even here they were regarded and treated not as money, but as a Government loan, forced upon the people to meet a great emergency. I quote from the opinion of Justice Bradley. He says:

It is a pledge of the national credit. It is a promise by the Government to pay dollars. The standard of value is not changed. The Government simply demands that its credit shall be accepted and received by public and private creditors during the pending exigency.

No one supposes that these Government certificates are never to be paid—that the day of specie payment is never to return. And it matters not in what form they are issued. * * * Through whatever changes they pass their ultimate destiny is to be paid.

THE PROMISE OF REDEMPTION.

But, Mr. Chairman, not only were these notes issued as I have shown by a great stretch of constitutional authority, under the pressing plea of military necessity, but they were accompanied with a promise of redemption.

The Hon. Hugh McCulloch, an able, honored, and distinguished citizen of Indiana, in his report as Secretary of the Treasury of December 4, 1865, in discussing this subject, said:

The present legal-tender acts were war measures, and while the repeal of those provisions which made the United States notes lawful money is not now recommended, the Secretary is of the opinion that they ought not to remain in force one day longer than shall be necessary to enable the people to prepare for a return to the constitutional currency. It is not supposed that it was the intention of Congress by these acts to introduce a standard of value in times of peace lower than the coin standard, much less to perpetuate the discredit which must attach to a great nation which dishonors its own obligations by unnecessarily keeping in circulation an irredeemable paper currency. It has not in times past been regarded as the province of Congress to furnish the people directly with money in any form. Their authority is to "coin money and fix the value thereof," and inasmuch as a mixed currency, consisting of paper and specie, has been found to be a commercial necessity it would seem also to be their duty to provide, as has been done by the national-currency act, that this paper currency shall be secured beyond any reasonable contingency. To go beyond this, however, and issue Government obligations, making them by statute a legal tender for all debts, public and private, is not believed to be under ordinary circumstances within the scope of their duties or constitutional powers.

The reasons which are sometimes urged in favor of United States notes as a permanent currency are the saving of interest and their perfect safety and uniform value.

The objections to such a policy are that the paper circulation of the currency should be flexible, increasing and decreasing according to the requirements of legitimate business, while if furnished by the Government it would be quite likely to be governed by the necessities of the Treasury, or the interests of parties, rather than the demands of commerce and trade. Besides a permanent Government currency would be greatly in the way of public economy, and would give to the party in possession of the Government a power which it might be under strong temptation to use for other purposes than the public good—keeping the question of the currency constantly before the public as a political question, than which few things would be more injurious to business.

But the great and insuperable objection as already stated to the direct issue of notes by the Government, as a policy, is the fact that the Government of the United States is one of limited and defined powers, and that the authority to issue notes as money is neither expressly given to Congress by the Constitution, nor fairly to be inferred, except as a measure of necessity in a great national emergency. No consideration of a mere pecuniary character should induce an exercise by Congress of powers not clearly contemplated by the instrument upon which our political fabric was established.

Mr. Chairman, this was the view taken by the Secretary in the very first report made by him after the close of the war. It has practically been the view maintained by all the Secretaries from that day to this, so far as I am advised—

Mr. BAILEY. If the gentleman will permit an interruption, does he not remember that Senator SHERMAN expressly recommended that they should not be retired.

Mr. COOPER of Indiana. Perhaps I ought to except Senator SHERMAN on the suggestion of the gentleman from Texas; but I am in doubt of it, for I know that he favored at one time their retirement. It is possible that he has been on both sides of the question. [Laughter.]

Mr. WHEELER of Alabama. Let me remind my friend from Indiana, for whom I entertain the very highest regard, that a Democratic House passed a law expressly providing against their retirement beyond \$346,000,000.

Mr. COOPER of Indiana. I can not be interrupted now. I will answer my good friend from Alabama after I call attention to these recommendations of the Secretaries in brief.

Secretary Bristow in his report December 7, 1874, following the example of his predecessors in office, made an earnest appeal for the retirement of these notes and gave utterance to this very sound and timely warning:

The history of irredeemable paper currency repeats itself whenever and wherever it is used. It increases present prices, deludes the laborer with the idea that he is getting higher wages, and brings a fictitious prosperity from which follow inflation of business and credit and excess of enterprise in ever-increasing ratio, until it is discovered that trade and commerce have become fatally diseased, when confidence is destroyed, and then comes the shock to credit, followed by disaster and depression, and a demand for relief by further issues.

Again, Mr. Chairman, this report reads almost prophetically of conditions which we have but recently seen:

The universal use of, and reliance upon, such a currency tends to blunt the moral sense and impair the natural self-dependence of the people, and trains them to the belief that the Government must directly assist their individual fortunes and business, help them in their personal affairs, and enable them to discharge their debts by partial payment. This inconvertible paper currency begets the delusion that the remedy for private pecuniary distress is in legislative measures, and makes the people unmindful of the fact that the true remedy is in greater production and less spending, and that real prosperity comes only from individual effort and thrift.

In 1876 Secretary Morrill said:

The United States notes, commonly known as legal tender, regarded as a substitute for money, are an anomaly in our monetary system, tolerable and possible only in the exigencies of civil war—the offspring of its perils and limited to its necessities. To allow their continuance as such, after the cause which justified their existence had ceased, is to violate the conditions of their inception and to sanction what was only tolerable as a necessity, by impressing upon it the stamp of legitimacy.

In December, 1884, Secretary McCulloch, having been called again to administer the duties of this high and responsible office nearly twenty years after the date of his report from which I first quoted, said:

A government which engages in banking by furnishing a paper circulating medium must be governed by the rules which prevail with prudent bankers, and be constantly prepared to meet such calls as may be made upon it.

Many persons regard legal-tender notes as being money, and hold that no means should be provided for their redemption. That this is a delusion will be proven whenever there is a large demand for gold for export. They are not money, but merely promises to pay it, and the Government must be prepared to redeem all that may be presented or forfeit its character for solvency.

This language, used ten years ago, is vindicated and exemplified to-day by our experience and present situation. And while some may continue to believe that these notes are money, and for certain reasons so contend, it is, it must be, perfectly plain to those who desire to know the truth that they are drafts upon the national Treasury, and that their nonpayment means national dishonor.

Mr. Chairman, no more able, conscientious, patriotic man ever presided over the Treasury Department than the late lamented Manning. I wish especially to call the attention of my Democratic friends to the very able report made by him on this subject. I refer to his annual report of December 6, 1880. I wish I had time to read extensively from this report, but I have not, and will content myself with calling your attention to his concluding recommendations. No better Democratic platform could be written:

I therefore respectfully recommend:

1. Repeal of the clause in the act of February 28, 1878, making compulsory Treasury purchases of silver, for the reason heretofore given and in order to reduce surplus and unnecessary taxation \$24,000,000 a year.

2. Further reduction of surplus taxation, beginning in a manner which will be suggested below, close down to the necessities of the Government economically administered.

3. Repeal of the act of May 31, 1878, making compulsory post-redemption issues and reissues of United States legal-tender notes, thus facilitating—

4. Gradual purchase and payment of \$346,681,016 outstanding promissory notes of the United States with the present and accruing Treasury surplus, issuing silver certificates in their room, and gold certificates if need be, without contraction of the present circulating volume of the currency, these notes (called greenbacks) being now the only debt due and payable before 1891 except the 3 per cent bonds, which are probably all to be called and paid early in the ensuing fiscal year.

The extraordinary conjunction of opportunity and necessity making practicable so complete a reform in our currency and so large a reform in our taxation, will, perhaps, excuse a reference to the conditions and the method of their execution which were set out in my last annual report, or any repetition of what I have already had the honor to suggest in respectfully urging upon Congress the easy provision of a better currency for the people of the United States than the best now possessed by any nation—"a currency in which every dollar note shall be the representative certificate of a coin dollar actually in the Treasury and payable on demand; a currency in which our monetary unit, coined in gold, or its equivalent coined in silver, shall not be suffered to part company."

The act making compulsory post-redemption issues and reissues of United States notes and the act making compulsory Treasury purchases of silver are each a separate menace to the public tranquility, are each injurious to the public morals, the public faith, and the public interest. But they do not double our difficulties. On the contrary, the repeal of both acts, and the use of the Treasury metal surplus in the substitution of coin certificates for greenbacks, will convert our worst kind of paper currency into the best kind— indefinite promissory notes of debt made legal tender will be converted into representative certificates of coin, held subject to demand.

The present Secretary of the Treasury has had devolved upon him the complex difficulties which his predecessors foresaw and plainly pointed out, and which are due to laws and conditions for which he is in no way responsible. The deficiencies in the revenues are mainly traceable to three causes. First, the McKinley tariff law, which by the confessions of its author and friends was intended to curtail revenues, and which did yield an annually decreasing income to the Treasury; second, to the profligate legislation of the Fifty-first Congress; and third, to the unreasonable delay in the passage of the Wilson bill, caused by factious opposition and partisan obstruction. The resulting deficiencies have only served to expose the weakness of the Treasury situation and to render acute the ills which have continually lurked in its system.

In his annual report for 1893 he very clearly states the situation as he finds it, and in so far as that situation is complicated by the existence of the Treasury notes and the laws relating to them he says:

So long as the Government continues the unwise policy of keeping its own notes outstanding to circulate as currency, and undertakes to provide for their redemption in coin on presentation, it will be, in my opinion, essential for the Secretary of the Treasury to possess the means, or to have the clear and undoubted authority to secure the means, which may from time to time become necessary to enable him to meet such emergencies as the one which has recently occurred in our financial affairs. Under existing legislation the Treasury Department exercises to a larger extent than all the other financial institutions of the country combined the functions of a bank of issue, and while the credit of the Government is so strong that it may not be necessary to maintain at all times the actual coin reserve which experience has shown to be requisite in the case of ordinary banking companies, still it would be manifestly imprudent, to say the least, not to adopt such precautionary measures as would enable the Government in times of unusual monetary disturbance to keep its faith with the people who hold its notes and coins by protecting them against the disastrous effects of an irredeemable and depreciated currency.

While the laws have imposed upon the Treasury Department all the duties and responsibilities of a bank of issue, and to a certain extent the functions of a bank of deposit, they have not conferred upon the Secretary any part of the discretionary powers usually possessed by the executive heads of institutions engaged in conducting this character of financial business. He is bound by mandatory or prohibitory provisions in the statutes to do or not do certain things, without regard to the circumstances which may exist at the time he is required to act, and thus he is allowed no opportunity to take advantage of changes in the situation favorable to the interests of the Government, or to protect its interests from injury when threatened by adverse events or influences. He can neither negotiate temporary loans to meet casual deficiencies nor retire and cancel the notes of the Government

without substituting other currency for them when the revenues are redundant or the circulation excessive, nor can he resort, except to a very limited extent, to any of the expedients which in his judgment may be absolutely necessary to prevent injurious disturbances of the financial situation. These considerations emphasize the necessity for such legislation as will make the Department more independent of speculative interests and operations and enable it to maintain the credit of the Government upon a sound and secure basis.

Whatever objections may be urged against the maintenance of a large coin reserve, procured by the sale of interest-bearing bonds, it must be evident that this course can not be safely avoided unless the Government abandons the policy of issuing its own notes for circulation and limits the functions of the Treasury Department to the collection and disbursement of the public revenues for purely public purposes and to the performance of such other administrative duties as may be appropriate to the character of its organization as a branch of the executive authority.

Now, Mr. Chairman, I have brought down the expressions of opinion which have been carefully, solemnly made from time to time by those who have been charged with responsibility in this Department. They are full of instruction; they ought to have great weight with the legislative branch of the Government.

It is not necessary, Mr. Chairman, to further quote the opinions and recommendations which have come to us from time to time from those who have been in position to realize and to feel the great embarrassment and danger incident to the issue and maintenance of these Treasury notes, nor to attempt to further emphasize their appeal for legislation which will cause them to be finally redeemed. But to my Democratic friends let me say that I realize that some names are more potent than others in our councils, and I wish to call to your minds the testimony and add to what I have said here to-day the approval and sanction of one who has long since passed from among us, but whose spirit still inspires our highest purpose and commands our most loyal service. I refer to the name and the

TEACHINGS OF THOMAS JEFFERSON.

What I am about to read is from a letter addressed by Mr. Jefferson to the President. It is dated Monticello, October 15, 1814. I ought to say perhaps in explanation before I read this letter that during the war of 1812 resort was had to the issue of Treasury notes, not legal tender, for the purpose of carrying on that war, and it was with reference to that matter that he said:

Suppose we require, to carry on the war, an annual loan of twenty millions; then I propose that in the first year you shall lay a tax of two millions, and emit twenty millions of Treasury notes, of a size proper for circulation, and bearing no interest, to the redemption of which the proceeds of that tax shall be inviolably pledged and applied by recalling annually their amount of the identical bills founded on them. The second year lay another tax of two millions and emit twenty millions more. The third year the same, and so on until you have reached the maximum of taxes which ought to be imposed.

Here is a precedent for our proposed action—noninterest-bearing Treasury notes, to be redeemed from the proceeds of a tax inviolably pledged and applied. Further on he says:

All we should have to do would be, when the war should be ended, to leave the gradual extinction of these notes to the operation of the taxes pledged for their redemption; not to suffer a dollar of paper to be emitted either by public or private authority, but let the metallic medium flow back into the channels of circulation and occupy them until another war should oblige us to recur, for its support, to the same resource and the same process on the circulating medium.

Mr. Chairman, he does not content himself with a mere outline of a plan, but with characteristic perspicuity this great man, perfectly tireless in detail, accompanies his letter with a table carefully wrought out by which he indicates with mathematical accuracy the very year in which the last of the notes must be paid.

I have read from the sixth volume of Jefferson's Works, on pages 392 and 393.

In brief, the remedy proposed by Mr. Jefferson was to pay the Treasury notes, stop the further issue of paper money, and "let the metallic medium flow back into the channels of circulation."

Again, on page 189 of the same volume, he says: Every one knows, that although not literally it is nearly true that every paper dollar emitted banishes a silver one from the circulation. A nation, therefore, making its purchases and payments with bills fitted for circulation thrusts an equal sum of coin out of circulation.

There is in this no suggestion of a permanent paper issue. On the contrary, he never spared to teach the distinction between money and paper promises to pay money, which to his clear comprehension was no other than the difference between debt and property.

To my friends around me here who still contend for the free and unlimited coinage of silver, permit me to say that I am wholly unable to understand how you can consistently ask for a wider use of silver while you insist upon the retention of this paper money. Why not retire it and "let the metallic medium flow back into the channels of circulation."

Treasury notes have been resorted to as a method of borrowing by the Government at five different periods in our history. First, in the war of 1812; second, in the panic of 1837; third, during the Mexican war; fourth, in the panic of 1857; and fifth, during the late civil war.

As I have already shown, none of these notes were made a legal tender in the payment of debts prior to the act of 1862. All notes issued prior to that were based solely upon the power to borrow money, and nearly all of them bore some rate of interest. As bearing upon the proposition to retire our outstanding Treasury notes,

I desire to call attention to the opinion of Mr. Benton, expressed in the Senate on the occasion of the authorization of the notes of 1837:

BENTON ON TREASURY NOTES.

I will now say a few words on the policy of issuing Treasury notes in time of peace, or even in time of war, until the ordinary resources of loans and taxes had been tried and exhausted. I am no friend to the issue of Treasury notes of any kind. As loans they are a disguised mode of borrowing and easy to slide into a currency. As a currency it is the most seductive, the most dangerous, and the most liable to abuse of all the descriptions of paper money. The stamping of paper (by the Government) is an operation so much easier than the laying of taxes or of borrowing money that a government in the habit of paper emissions would rarely fail in an emergency to indulge itself too far in the employment of that resource to avoid as much as possible one less auspicious to present popularity.

So said General Hamilton, and Jefferson, Madison, Macon, Randolph, and all the fathers of the Republican (Democratic) church concurred with him. These sagacious statesmen were shy of this facile and seductive resource, "so liable to abuse and so certain of being abused." They held it inadmissible to recur to it in time of peace, and that it could only be thought of amidst the exigencies and perils of war, and that after exhausting the direct and responsible alternative of loans and taxes. Bred in the school of these great men, I come here at this session to oppose at all risks an issue of Treasury notes. I preferred a direct loan, and that for many and cogent reasons. There is a clear authority to borrow in the Constitution; but to find authority to issue these notes we must enter the field of constructive powers.

To borrow is to do a responsible act; it is to incur certain accountability to the constituent, and heavy censure if it can not be justified. To issue these notes is to do an act which few consider of, which takes but little hold of the public mind, which few condemn and some encourage, because it increases the quantum of what is vainly called money. Loans are limited by the capacity at least of one side to borrow and of the other to lend. The issue of these notes has no limit but the will of the makers and the supply of lampblack and rags."

EVILS OF A BAD PRECEDENT.

But, Mr. Chairman, we are met at this point by some who say that conditions have changed; that we can do what our fathers failed to accomplish, what other nations failed to do; that we are above the precedents, and, in short, that we are great enough and strong enough to discard the lessons of experience and defy the limitations of established political science.

It is also contended by others that no danger exists and no harm can come from the continuation of the Treasury notes in circulation because the amount is limited and the responsibility not great when compared with our resources.

Mr. Chairman, these are the very reasons that should move us now to finally close this transaction. It is one of the objections to this kind of paper that in times of business activity and general prosperity, when speculation is active and confidence unshaken, it is mistaken for real money and men build upon it as if it were substance in itself, and then when the time comes, as it always does come, for liquidation, collapse and ruin must follow. It is also one of the symptoms of this fatal malady that the patient can not be undeceived. He will not believe that his misfortune is due to the deceptive influences of the inflated medium, but rather demands that the artificial stimulus be restored and even increased. He is, to borrow an expression from Jefferson, like a dropsical man crying for "Water! water!" or, to use another of his expressions, he insists upon resorting "for the cure of colic to inflations of more wind."

Mr. Chairman, we are not more likely to perform this miracle of making money out of "lampblack and rags" than have the generations of men who have gone before us. We have not yet discovered the philosopher's stone. On the contrary, the continuation of these notes in circulation constantly deceives and misleads those who know nothing of the cost and danger, who have not felt the weight of responsibility or known its harassing details; they form the nothbed out of which has sprung in the last few years so many noxious weeds that the poison from them afflicts our entire body politic.

Perhaps the most vicious of the many offspring of this fruitful error is the Stanford loan bill.

It was introduced in the Fifty-first Congress and was entitled "A bill to provide the Government with means sufficient to supply the national want of a sound circulating medium." The seductive feature of the bill was that it proposed to lend United States notes to "every person who is a citizen of the United States, or who has declared his intentions to become such, and who is the owner in fee of unincumbered agricultural lands." And for that purpose the bill directs that—

The Treasurer of the United States is hereby authorized and directed to cause to be printed, signed, and ready for use . . . circulating notes of the United States.

The very able report of the Finance Committee against this measure, written by the venerable Senator MORRILL, contains much information and sound reason. Among other equally good things, it says:

Many persons may be captivated with the plausible idea of obtaining cheap loans and plenty of money on easy terms, but the experience of enlightened nations shows wherever such reckless financial experiments have been tried that they have ended in commercial crises, bankruptcy, and general national disaster. The principle is unsound and can not bring forth good fruit.

It may not be improper to refer briefly to some of the ill-born national examples which conclusively demonstrate the inexpediency that has always attended all such measures, and their final ruinous catastrophe.

The Mississippi scheme was started in Paris in 1717 by John Law, embracing trade and other privileges, and finally amalgamated with the national bank, which issued an immense amount of paper. Law had promised annual returns of 120 per cent. The stock at first rose to an enormous premium.

Upon the issue of 50,000 new shares there were 300,000 applicants. Soon, however, gold began to be hoarded, and though laws were passed to punish all persons who were found in possession of a sum beyond a fixed amount, large sums were sent out of the country, to Belgium and England, for safe-keeping. In 1790 the bank stopped payment and the whole scheme collapsed, bringing ruin upon all of the great multitude who had unwisely put faith in the financial soundness and integrity of the Mississippi scheme. Law immediately fled the country.

The insurmountable disorder of the French finances, and annual excess of expenditures beyond receipts, without doubt was the first cause of the French Revolution. Fresh loans were required for the treasury every year. The nobles and clergy would not consent to be taxed, and lenders at last refused to lend. The King and Queen sent all their plate to be melted down, but it was insufficient for the public expenditures. The treatise of John Law on "Money and Trade" had been translated into French, and at length Talleyrand brought forward and carried his measure for the confiscation of the whole ecclesiastical property of the Kingdom, reserving a pension to the clergy, and appropriating what was estimated at £80,000,000 to aid the public necessities.

In December, 1789, the assembly ordered a sale of church and crown property to the amount of \$16,000,000 and decreed that a paper currency should be created of that amount, bearing 5 per cent interest, and called assignats, for the redemption of which the confiscated lands were to be sold. Not to enter into all the progressive steps taken, in less than 5 months, by another decree, the assignats were declared a legal tender, with interest at 4 per cent. The public debt rapidly increased, and in 1790 new assignats were created of double the amount. Further large amounts were created in 1791-92, and in 1793 the assignats were at a discount of 30 per cent. Shopkeepers refused them for prime necessities and their shops were plundered in general riots.

With the creation of more assignats in 1793 the convention decreed six years' imprisonment to any person who should sell assignats at less than their nominal value, or make any difference in price whether paid in paper or specie. A silver franc got to be worth six in paper. The penalties for making any difference in price were greatly increased and death was decreed against all who kept back from public sale articles of first necessity. Trade and production nearly ceased. Public functionaries could no longer live on their salaries and one-third of the army deserted.

In 1795 the assignats in nominal value amounted to \$3,800,000,000, and had fallen to one-thousandth part of their nominal value. Finally, the Government refused to part with the national domain at the depreciated value of their paper currency, and destroyed it at a single blow by decreeing "that anyone might make bargains in whatever currency he pleased." Thus dropped out of circulation, perhaps, the largest batch of legal-tender paper currency ever created, notwithstanding it was based upon land security and supported by all the terrors of national power.

The Argentine Republic established in 1856 a great national mortgage bank to make loans on the hypothecation of real estate. The minister of finance regarded it as "a great boon to the people for the reason that land is the great patrimony, the immense capital of the country, and every facility," he said, "should be given to mobilize the capital and increase its value." Its functions were not to loan money on mortgage, but to issue transferable mortgage bonds on the execution of mortgages in its favor, which were put on the market for what they would fetch, with national guaranties to the holder the service of interest and amortization.

The bonds were made payable to bearer and bore interest at not exceeding 8 per cent, and with an annual sinking fund for their ultimate payment of not exceeding 2 per cent. The chairman and directors were appointed by the President of the Republic. The bank was to make no loan of less than \$1,000 nor above \$50,000. The mortgage extended to all other property of the mortgagee, though not mentioned in the mortgage, and no loan was to be granted for more than half the value of the property mortgaged. A delay of over sixty days in the payment of the hypothecary obligation authorized the bank to put up for sale at public auction the property mortgaged, without any legal proceedings, and to award it to the highest bidder.

It is not necessary to say that the financial scheme of the Argentine Republic has been hardly more fortunate than that of John Law, or than that of the assignats of France, and has brought shame and disaster upon the credit of the Argentine Republic. The inflated paper money market became easy for speculators, but specie payments were soon suspended, gold rose to over 200 per cent premium and suddenly went out of the country to pay balances of trade and interest on foreign bonds, and the Argentine national-bank notes are now worth only 50 cents on the dollar.

The Argentine Government is grievously embarrassed and now proposes to obtain relief by the extraordinary measure of offering for sale in Europe at public auction no less than 24,000 square leagues of land in their recently organized territories at a minimum price of \$2 in gold per hectare, or about \$1.25 per acre. These lands, according to the Buenos Ayres Herald, are situated in Terra del Fuego, or in territories where the best lands have already been disposed of in large tracts, or where only swamp lands remain unsold, and would not attract eager bidders among foreigners.

From this desperate measure they hoped to have raised \$120,000,000 of gold to be deposited in the mint for the conversion of the Argentine national-bank notes. The emergency it appears was great, but it is very likely gray hairs will cover the heads of the holders of these notes long before the notes will be redeemed either in gold or silver.

Referring to the scheme of the notorious John Law, to which Senator MORRILL refers in this report, Thomas Jefferson once said, in a letter written by him at Monticello in 1813, that it—ended in France in the bankruptcy of the public treasury, the crush of thousands and thousands of private fortunes, and scenes of desolation and distress equal to those of an invading army burning and laying waste all before it.

THE MONEY OF THE CONSTITUTION.

We frequently hear men declare their undying allegiance to "the money of the Constitution." I shall not be personal. I have no other aim than the preservation of what seems to me the correct principle as applicable to this question. But there are those, I repeat, who contend for the money of the Constitution and at the same time support a money unknown to the Constitution, denied by the Constitution, and despised by its founders.

Here is my good friend from Alabama, General WHEELER, serving notice on me that a Democratic Congress passed the law of 1878 to prevent the retirement of these notes, as if that were an authority against my present position or illustrative of Democratic principles.

Gentlemen must remember the conditions that prevailed at the time that act was passed. We were then just on the eve of coming to a specie basis. We had passed practically through the era of contraction, but we had not yet obtained a fair share of metal-

lic money. The Treasury statement for that year shows that we had in circulation only \$905,793,807, as follows:

	In circulation Mar. 1, 1878.
Gold coin.....	\$82,530,163
Standard silver dollars.....	53,573,833
Subsidiary silver.....	44,364,100
Gold certificates.....	311,436,971
Silver certificates.....	313,888,740
United States notes.....	
National-bank notes.....	
Total.....	905,793,807

From this table it will be seen that we then had no silver dollars and very little gold in circulation. It is a singular coincidence that the Bland-Allison Act was passed this same year. In view of all the vicissitudes of our financial affairs, it seems clear to me that it would have simplified matters very much and probably afforded a happy solution of most, if not all, of our troubles if when the silver coins were issued under the Bland law of 1878 it had been provided that for each dollar so issued a dollar in paper promises should be retired. Our stock of silver and gold, both of coin and bullion, is now about \$1,300,000,000, or \$500,000,000 more than all the money in circulation of every kind in 1878.

I am aware, Mr. Chairman, that the advocacy of this law to prevent the further retirement of the greenback was taken by many as a pledge of the party to Government paper money. It seemed for the time to promise well for the party. It was supposed by some to be a necessary remedy suitable only to the then distressed condition of the country. It was opposed then by some of our ablest Democratic leaders, and the dangers of the movement clearly pointed out. But we should not follow as a precedent that which was done as an exception to, and recognized as a departure from, sound Democratic principles.

I realize that we have honest differences among us upon this subject, differences which seem to be irreconcilable; but, Mr. Chairman, there will be a revision of views, a codification of doctrines, and a unification of the faith. Whatever shades of opinion may divide us, whatever local influences may give color to our convictions or prompt our actions, whatever of pride or resentment growing out of our struggles over this question may now be felt, they will all pass away; and when that time comes, as it must come, our party will be found standing by the Constitution, following the teachings and abiding in the faith of the fathers.

THE COINAGE OF THE CONSTITUTION.

Mr. Chairman, it is not uncommon to hear gentlemen declare that they are for the coinage of the Constitution. We hear this most frequently from those who insist upon the free and unlimited coinage of silver at the ratio of 16 to 1. They seem to think the one thing alone which will answer the demands of the Constitution will be free coinage at 16 to 1. What was the coinage of the Constitution?

There are but two references in that instrument to this subject. Section 8 of Article I declares that—

Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Section 10 of the same article declares—

that no State shall coin money, emit bills of credit, make anything but gold and silver coin a tender in payment of debts.

There is no suggestion of ratios in either of these provisions, except in "regulate the value." No ratio was named, no mint was in existence, no coinage laws or precedents were recognized or adopted or sanctioned. Congress was simply given the power to coin money and regulate the value of that coin.

What was meant by the word regulate as used in that connection? Was it to declare arbitrarily a value not found to exist in the coin? The Congress should fix the standard of weights and measures. This was to be an act arbitrary in its nature, but Congress could not under this grant of power fix values where they did not exist. Necessarily this language means that after establishing a unit of value and providing for various denominations both of gold and silver it was left with Congress to ascertain and declare the relation which the one metal shall sustain to the other in the coinage, viz, how much gold shall be in the one and how much silver shall be in the other to make the dollars equal. But in addition to this the word "regulate" has in it the idea of continuous action, of supervision. The relative value of gold and silver had been constantly changing since the dawn of history.

It is said that in ancient Egypt they were of equal value, or a ratio of 1 to 1. Among the Greeks and Romans the ratio was 9 to 1. It never ran to 12 to 1 until in the seventeenth century. The men who wrote this Constitution knew the use of language, and they knew that the relative value of these metals was constantly changing, and that it was not even uniform among the nations, and so they provided a power to regulate. If we had any doubt on this subject only a slight investigation of the discussion which led up to the first ratio under the Constitution would remove that doubt.

Mr. Jefferson says in his autobiography that some difference of

opinion arose as to the monetary system which should be adopted. The financier, Robert Morris, had submitted to Congress, in 1783, a very complicated and cumbersome system, in which the value of a dollar was to be expressed by 1,440 units. Jefferson tells us that he replied to this and printed his notes, and, putting them into the hands of members of Congress for consideration, that the committee agreed to report on his principle, and he adds: "This was adopted the ensuing year and is the system which now prevails." These notes appear in his published works under the heading, "Notes on the establishment of a money unit and of a coinage for the United States." I will quote his very language on this question. It will be found on page 168, volume 1, and reads as follows:

The proportion between the values of gold and silver is a mercantile problem altogether. It would be inaccurate to fix it by the popular exchanges of a half joe for \$3, a louis for 4 French crowns, or 5 louis for \$23. The first of these would be to adopt the Spanish proportion between gold and silver; the second, the French; the third, a mere popular barter, wherein convenience is consulted more than accuracy. The legal proportion in Spain is 16 for 1; in England 15 for 1; in France 15 for 1. The Spaniards and English are found, in experience, to retain an overproportion of gold coins, and to loose their silver.

The French have a greater proportion of silver. The difference at market has been on the decrease. The Financier states it at present as at 14 for 1. Just principles will lead us to disregard legal proportions altogether; to inquire into the market price of gold in the several countries with which we shall principally be connected in commerce, and to take an average from them. Perhaps we might, with safety, lean to a proportion somewhat above par for gold, considering our neighborhood and commerce with the sources of the coins, and the tendency which the high price of gold in Spain has, to draw thither all that of their mines, leaving silver principally for our and other markets. It is not impossible that 15 for 1 may be found an eligible proportion. I state it, however, as a conjecture only.

Now, just think of it, Mr. Chairman; here are the utterances of the very man who prepared, proposed, and secured the adoption of our coinage system. He tells us that the proportion between the metals is a mercantile problem altogether, and that "just principles would lead us to disregard legal proportions altogether." That we "might lean with safety to a proportion somewhat above par for gold."

The ratio actually adopted was 15 to 1. If there is any coinage of the Constitution it is coinage at the ratio of 15 to 1, or at some ratio which expresses the values of gold and silver in the mercantile world. The first might historically be called the ratio of the Constitution, because it was the first established under the Constitution. The second might be called a constitutional coinage because the spirit of the system as declared by its author was one based on relative commercial values. But, Mr. Chairman, the ratio of 16 to 1 has neither claim to its credit.

As I have said, the power to regulate contained the idea of supervision. This power we have exercised. The first ratio was 15 to 1. Under this ratio we lost all of our gold because we had undervalued it. A bill to change the ratio was proposed in 1834, the object being to procure gold in circulation. Benton was the great champion of the movement. He demanded that "the mint drops should shine in the purses of the poor." He submitted a set of resolutions in the Senate, calling for a joint committee of both Houses to inquire into the cause or causes of our loss of the yellow metal.

A bill was finally introduced which changed the ratio to 16 to 1. It passed both Houses and received the signature of President Jackson. They thought in those days that it was the commercial and not the legal ratio that would keep the metals in circulation. They were hard-money Democrats, and their fame rests largely upon their loyal devotion to sound-money principles.

In speaking upon this bill Mr. Benton said:

That gold was undervalued by the laws of the United States and expelled from circulation was a fact which everybody knew; but there was something else which everybody did not know; which few, in reality, had an opportunity of knowing, but which was necessary to be known to enable the friends of gold to go to work at the right place to effect the recovery of that precious metal which their fathers once possessed, which the subjects of European kings now possess, which the citizens of the young republics to the south all possess, which even the free negroes of San Domingo possess, but which the yeomanry of this America have been deprived of for more than twenty years, and will be deprived of forever unless they discover the cause of the evil and apply the remedy to its root.

Mr. Chairman, it is not my purpose to follow these various expressions of opinion with further comment. I prefer to present the utterances of others rather than to give my own. It occurred to me that possibly the weight of their great names and the clearness and strength of their reasons might have more weight than anything that could be said by the living.

Paper money based alone on faith or mere authority is a delusion and a snare. It is not a new experiment. Almost every nation at some time in its history, either tempted by its necessities or guided by unwise counsels, has pursued this phantom, but each in turn has been compelled to retrace its steps with blasted hopes and bleeding feet. Actual money may not always be needed, and, in fact, comparatively speaking, is little used in the larger fields of commerce and trade; but whatever takes its place must, like warehouse receipts, represent and entitle the holder to the thing of real value.

I submit, therefore, that it is clearly established, both by reason and authority—

First. That the Government ought not to issue paper money;
Second. That there can be no honest money without value—actual commercial value—equal to that which it purports and represents itself to be;

Third. That the precious metals can not be coined and kept in circulation together at a mere arbitrary ratio; that is, without regard to their respective commercial values; and

Fourth. That the Democratic party from the days of Jefferson in all its history has been and is the hard-money party and the honest-money party of the country.

To this I will add a hope and a prophecy that with a worthy, able, and fearless successor to his illustrious predecessors in the Presidential chair, there is nothing which we can do that will strip our party of the laurels won in defense of these doctrines in the past, nor reverse its policy for the future.

William Lilly.

REMARKS

OF

HON. IRVING P. WANGER,

OF PENNSYLVANIA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 9, 1894.

The House having under consideration resolutions of respect to the memory of Hon. William Lilly, late a Representative from Pennsylvania—

Mr. WANGER said:

Mr. SPEAKER: The estimable qualities of him whose death we mourn, and the lessons to be drawn from his useful life and lamented departure from among men have been so graphically brought to our attention by the distinguished gentlemen who have preceded me that my duty may be briefly discharged. General Lilly was as a giant oak of the forest among men. Among the great forces of nature in Pennsylvania, and her sturdy manhood, he hewed his way from a humble station into a position of prominence in business, in official, and in political life. He was a man who attached himself to everyone, however humble, with whom he came in contact; a man whose plain demeanor and blunt speech told of the utter lack of affectation in him, and of the absolute sincerity of every word he uttered; a man in whom you felt, however brief your acquaintance, that so long as you were true to duty and honor you had in him a devoted friend; one who was willing to promote your welfare, and to share with you every opportunity for advancement which he enjoyed. He was a man who made his record and has woven it eternally, so far as mortal affairs are concerned, into the history of the community and State in which he lived.

As has been told, in the days of his youth and the maturer years of his early manhood he was an unflinching Democrat. Yielding to what he believed to be the dictates of patriotic duty toward his country, he severed his allegiance to that party and joined the Republican party, and although the latter party was locally in the minority in the part of the State in which he lived, and he was not without political ambition, he never wavered in his fidelity to that party.

He was never willing to surrender duty in order that personal advantage might accrue to himself.

The locality in which he lived was a grand section of the grand State of Pennsylvania, rich in coal and other mineral deposits, and those were great men who made the prosperity of the Lehigh Valley and enabled the State and the people generally to enjoy the magnificent bounty which Providence had bestowed upon that region; and while General Lilly himself was in the front rank of the successful men who elevated that section and promoted the general prosperity of the citizens there inhabiting, yet there never was a time when success made him at all proud, made him at all evidence any feeling of superiority over anybody less successful than himself, or made him lose the slightest interest in those around him, no matter how young in years or how humble their station in life.

It was one of the elements of his great strength in business and in political life that he had such a keen and lively interest in the young and rising generation, who always felt that his was a hand which would help to elevate them, and when he fell there was a vast number of poor people of the eastern part of Pennsylvania who felt that in his death they had lost a sincere and faithful friend. He has gone from among us. He went almost immediately after he had realized what was said to have been the ambition of his life—a seat in this distinguished body. But, although he is gone, the memory of his sterling virtues lives, and his example incites us all to higher and loftier aspirations toward the performance of our duty to our fellow-men and to this great nation of which it is our rich blessing to be citizens.

The Currency.

SPEECH

OF

HON. JERRY SIMPSON,

OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 5, 1895,

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8706) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. SIMPSON said:

Mr. CHAIRMAN: I do not know that I can contribute much to the solemnity of this occasion in assisting to preach the funeral oration upon the bill that is now before the House, for I think it is a foregone conclusion that it can not pass. [Laughter.] I listened to the speech of the chairman of the Committee on Banking and Currency this morning, and I confess that I was somewhat surprised that such a bill should come from a committee of which he is the chairman. Knowing his long experience in this House, his ability and his intimate knowledge of the financial affairs of the country, I say I am surprised that he could bring forward such a measure.

Mr. COX. If the gentleman will permit me, that bill never came from that committee with any recommendation from the committee.

Mr. SIMPSON. Mr. Chairman, the bill seems to be disowned by its own parents, and therefore it has no possible chance of success in this world or in this House.

Mr. RAY. Those fellows often turn out the best. [Laughter.]

Mr. SIMPSON. Now, what does this bill propose to do? It proposes to issue bonds for the purpose of borrowing \$500,000,000 in gold. For what purpose? To meet the demands upon the Treasury for the redemption of legal tenders in gold. I asked the chairman of the committee if there was any law upon the statute book, if there was any legal obligation, binding upon the Secretary of the Treasury, compelling him to redeem those outstanding obligations in gold, and the chairman answered, "No; none whatever; only a moral obligation." What is that moral obligation? From what high moral standpoint have we adopted this rule or practice in the United States Treasury? That is one of the evils that we have inherited from our Republican brethren, established in the Treasury, contrary, as I believe, to the law and contrary to the interests of the people of this country, the practice of redeeming the outstanding legal tenders in gold, and we are to-day reaping the fruits of Republican practice and precedent in this respect.

There is no law requiring gold redemption. It never was intended that those obligations should be redeemed in gold. The law specifically says that a certain amount, \$100,000,000 in coin, shall be set aside for the redemption of these notes, and leaves it optional with the Secretary of the Treasury to use either gold or silver. Now, when the country has not the gold, why does not the Secretary use the silver to redeem these outstanding obligations? There is no doubt in my mind, and I presume there is no doubt in the mind of any gentleman in this House, that if the Secretary of the Treasury would use his privilege under the law and redeem these obligations in silver when he has more silver than gold, this raid upon the Treasury for gold would cease at once. That is the sensible business course to pursue, and it is the only way you can stop this raid.

Suppose we pass this measure, and the Secretary of the Treasury is authorized to issue these bonds and borrow this gold, the same endless chain that we have heard about, with its buckets dipping into the Treasury, will in time dip out all of this \$500,000,000 of gold, and the people at last will have the \$750,000,000 of interest to pay besides the \$500,000,000 principal; and after all we shall be just where we started. And that will be the result unless we change this policy and recognize silver as a part of the resources of the Government, as we are bound to do by law. But gentlemen say this bill proposes to retire the legal tenders. No; it does not, except so far as the national banks take out circulation. But suppose they do not take out circulation? They have not done it in the past to any great extent, and it is reasonable to expect that they will continue the same policy in the future. What then? Your legal tenders go out again and go into the hands of people who are taking gold out of the Treasury, and when the time comes around you will have to issue another \$500,000,000 of gold bonds.

I never heard of such a proposition as that coming from men of long experience in Congress, and particularly on this financial question.

Opponents of the free coinage of silver are always free with

their assertions that this Government can not maintain bimetalism without the aid of an international agreement. Whenever free coinage of silver is proposed these wise owls of finance blink their eyes, turn their heads, and croak dismal prophecies of failure should this country alone attempt any such policy. And yet they are free to demand that this country alone of all other civilized nations shall maintain monometallism.

It is a fact well understood by every intelligent gentleman in this House—and that ought to include the majority—that no other civilized nation in the world follows the example of the United States in paying gold coin for its paper obligations. This country never promised to do it, even by implication. The pretense that the performance of more than was promised is to maintain the honor of the country is based upon the idea, very prevalent in Republican circles, that the honor of this country is to be observed only toward the creditor class. There has never been complaint from the caverns of the bankers when the value of their bonds has been increased.

There never has been a protest from the Republican side of this House when the wages of labor have been diminished, when the small stipend paid to the soldiers was reduced by more than half under the avowed policy of the party then in power. No complaint ever greeted the ears of men guilty of such conduct. But they are the first to protest that the honor of this country depends upon paying the creditor twice as much as was nominated in his bond. Shakespeare died too soon. His character of Shylock as his ideal mean man has been eclipsed in the American Congress.

Now, what is the remedy proposed by the gentleman from Maine, the great leader of the Republican party? Why, sir, he says you should issue bonds of small denominations, limited as to the time they are to run, redeemable at the option of the Government in five years, and payable in coin. How is that different from the law we now have in respect to the redemption of our bonds and other obligations? They are now redeemable in coin, and Republican Secretaries of the Treasury have decided that that phrase means gold. They have redeemed in gold. So under the gentleman's proposition the same old game will go on of redeeming in gold, for there is no proposition in his plan to compel the Secretary of the Treasury to pay out anything but gold. That is not a remedy. It is a miserable makeshift, brought forward, I suppose, by the gentleman from Maine to pull the wool over the eyes of the people who are going to vote for President in 1896. But we give you fair warning; gentlemen, that we are "onto" this little game, and it shall not go by unnoticed.

Now, we have here a statement from the Secretary of the Treasury; and we are bound to accept his information as correct because he is the only man who can possibly know what are the revenues of the Government. He says we have \$105,000,000 of surplus in the Treasury to-day. So that the plan of the gentleman from Maine proposing to increase the revenue is a proposition which we have no occasion for, as we are not in need of an increase of revenue. I am satisfied the country is beginning to recover from the baneful influences of high-tariff protection as embodied in the McKinley Act, and that under this new tariff law revenues will gradually increase. But that does not remedy the evil of gold going out of the Treasury. The revenues are not payable in gold to-day. Mr. SHERMAN, when he was Secretary of the Treasury, decided that legal tenders should be received for customs dues of the Government; and silver certificates are now receivable for such dues.

No revenues will be paid in gold. And then how much better off will you be under the plan of the gentleman from Maine for increasing the revenues of the country? The revenue not being payable in gold, no matter how you increase the revenue it is not reasonable to suppose that any great amount of that coin would be paid at the custom-house, especially after you have, by law, created a premium upon gold by giving to it a special use denied to other forms of money issued by this Government. The merest tyro in the study of political economy understands the fact that value resides in use, and is regulated by the law of supply and demand. By providing a use for gold which the greenback and the other forms of money can not perform you have necessarily increased the value of one at the expense of the other.

This was our history during the war. The fact was well appreciated by the gentlemen who controlled the Government at that time. They stand here in this House claiming, par excellence, to be the friends of "honest money," and yet there is the stain upon their party, upon their present leaders—an unrepented sin, since they seek its repetition—of having purposely depreciated the value of the paper money of the Government while it was the sole tender paid to an army fighting for that Government's preservation. It was the boast of the leading financier, who has been indeed a thrifty financier for his own benefit, "it was our policy as the war progressed to depreciate the value of United States notes."

The thrifty gentleman whose habits of economy and simplicity

of tastes have enabled him to amass a vast fortune upon his salary as a Government servant fully understands the effect of a decrease of use upon the value of any form of money, and he explained fully to the American people how that infamous policy of his party has been carried out by legislators in this Congress, who were plotting infamy within sound of the enemy's guns across the Potomac. They depreciated the greenback and increased the value of the gold, the former being paid to the soldiers and the latter to the bank financiers, who are now, as then, standing for "honest money." And now they propose, after a generation has passed away, to repeat that crime and once more plunder the producers of this country in the interest of the bond-holding shysters, who have always opposed any legislation in the interests of the people, any legislation tending to the maintenance of real national honor. I must confess that I expected something better from the great leader of a great party, something which had a little common sense in it, something which had a little business in it. But I have looked in vain in his proposition for anything that will furnish a remedy for present evils.

This bill is a complete surrender on the part of the Democratic party to the banking interests of the country. For many years back—before the close of the war—the money changers have made war upon all issues of money except those that came to the people through the banks. They made war upon the greenbacks at the time they were issued; they put exception clauses in them which depreciated them. They have made war upon silver. And this bill is a complete surrender of the Democratic party to the banking interests, because they come out boldly and say, "We are in favor of retiring the greenbacks and the legal tenders from circulation and giving a free field and a complete monopoly to the national banks of this country." Now, we do not propose to agree to that. I do not believe the people of this country are ready to take out of circulation nearly \$500,000,000 now circulating in the business of the country and bearing no interest, and to issue instead bonds to the amount of five hundred millions bearing gold interest and payable in gold. I am surprised that such a proposition should receive a single vote in this House.

As was stated by the gentleman from Maine, quoting an eminent banker in the city of New York, Mr. St. John, these greenbacks or legal tenders are so good and sound a money that they are actually dangerous. Nobody denies that they are the best currency we have ever had in this country. Yet one of the grounds on which these men are making their efforts to bring us to a gold basis is for the purpose of getting rid of that currency. Everybody understands why they are so anxious to get rid of silver. No proposition comes up here connected with the finances of the country that does not disclose the ruling purpose of these gentlemen to get rid of silver as a part of the money of the country and also to put out of existence the legal tenders, in order, as I said before, to give the bankers a free field.

Mr. RAY. Will the gentleman allow me a question?

Mr. SIMPSON. Why, certainly.

Mr. RAY. You say that your remedy is, when these greenbacks and Treasury notes are presented, to pay them off in gold and silver both?

Mr. SIMPSON. At the option of the Secretary of the Treasury.

Mr. RAY. Now, suppose you do that, this endless chain is in operation, and in time would you not exhaust the silver as well as the gold?

Mr. SIMPSON. I think not.

Mr. RAY. Why not? The law provides that they shall be immediately reissued—paid out again. There is this endless chain. Now, if the present system dips out all the gold, why would not the plan the gentleman proposes dip out all the silver?

Mr. SIMPSON. My idea is—I think everybody understands it—that gold is desirable to-day because you have legislation that makes the gold dollar more valuable than any other dollar. You have taken the gold dollar which formerly circulated as money and you have made it a commodity; it has ceased to perform the functions of money, and is merely a commodity which serves as the basis of trading for speculators. The day that you adopt this policy of paying out silver as well as gold such speculation will cease. Gold will no longer be a commodity, but will perform the functions of money. That is my theory. Of course if you should adopt such legislation as would make silver especially desirable, if you should declare that certain debts must be paid only in silver, then silver would be "dipped out" of the Treasury. But that is not the condition of things with which we are confronted at present.

Mr. HEPBURN. What legislation is there that makes gold more valuable than silver?

Mr. SIMPSON. It is not legislation.

Mr. HEPBURN. The gentleman said "legislation."

Mr. SIMPSON. The cause is, I believe, the violation of the law by the Secretary of the Treasury, assuming that he has authority to pay out gold for the redemption of these certificates instead of coin.

Mr. LIVINGSTON. Let me suggest to the gentleman that the "legislation" was in the act of 1873, which robbed silver of its standing as the unit of value and made gold the unit of value.

Mr. SIMPSON. Let me pass on. I want to show the dangerous policy of issuing bonds; and I want to show by some illustrations what is meant when by special legislation in the interest of gold, as suggested by the gentleman from Georgia, we increased in 1873 the value of the gold dollar by demonetizing silver.

Gentlemen tell us that gold has not gone up, that the gold dollar has not increased in value. They say all other commodities have gone down, when everybody knows that gold has gone up and gone up high, and that it is at a premium to-day. Why, the man that went up in a balloon swore that he did not go up, but that the earth went down. The feeling, he said, that took possession of him was that the earth was sinking from under him; and that is the idea of men who think that gold has not gone up. It has gone away from every other commodity.

These fellows are a little confused, like the Irishman when he heard of the first bonds issued and said to his brother Jimmie, "Jimmie, how about these bonds, the foive-twinties, the siven-thirties, and the tin-forties?" Jimmie says, "Faith and Oi'll till yes. It is this way, yez see: The poor laboring mon has to rise up at 5.30 in the mornin' and worruk until 7.30 in the avenin', so that the bondholder can lie abid until 10.40 in the forenoon."

[Laughter and applause.]

Why, Mr. Chairman, the bondholder can lie in bed all day if he wants to at the expense of the people now. At the close of the war the public debt was a little over \$2,000,000,000. We have already paid on it four and one-half billions, principal and interest, and it will take more to liquidate it and pay off that debt to-day, although only about three-quarters of a billion remain, than would have paid the whole thing off at the close of the war—more corn, more cotton, and more days' labor. And then you tell me that the dollar has not gone up? Certainly it has. And now you want to pile on the people's backs five hundred millions more of bonds and take out of circulation \$500,000,000 of legal tender that does not cost a cent of interest and put nothing in its place except the national bank notes, which will not go into circulation except at the wish of and when it is profitable to the national banks.

As one or two other gentlemen to whom I have offered a part of my time do not seem desirous of occupying it, I wish to add a word or two upon this bill brought forward by the chairman of the Finance Committee; for it seems that all the other members of the committee refuse to father it.

I can see no relief to the country from this bill if enacted into law. As was said by the gentleman from Colorado [Mr. PENCE], I stand here as a Populist, ready to surrender all party advantages, if there were any to be gained, for the purpose of securing any sensible, reasonable measure that will bring relief to the country. But this bill, to my mind, would put the country in a very much worse condition than at present, because its effect will be to pile the taxes higher upon the people of this country, who are already in such a condition that they are unable to bear the burdens imposed upon them. From the newspapers all over this country comes the intelligence of poverty and suffering. Even from Ohio, the home of McKinley—McKinleyized Ohio—we had a few weeks ago an account of 12,000 families who were on the verge of starvation. That is a sample of the condition of things all over the land.

The legislation and the policy of both parties in the past have brought this country to its present bad condition; and I can see no remedy whatever in this bill. I have no fears of its enactment into law. The Democratic party as a party does not support it. I am satisfied of that. The theory is that the substitute of the gentleman from Maine may be enacted into law. Well, sir, you may be enabled in this House and even in the Senate to rally the paid attorneys and representatives of corporations who are legislating for special interests to pass this measure and make it a law. Now, it is well for us to consider what will be the effect of the measure if it becomes a law. You all concede the danger there is in drawing the gold out of the Treasury. The gentleman from Maine says the way to stop that is to increase the revenues of the country. If I understood him correctly his prescription is, "Increase the revenue and the outgo of gold will stop."

Now, according to the ruling of the Secretaries of the Treasury, persons who pay revenue are not compelled to pay in gold, nor are they required to pay any part of such revenue in gold. Then no matter how much surplus you may have in the Treasury, as long as your Secretaries of the Treasury follow out the policy of redeeming outstanding obligations in gold the drain upon the Treasury for gold will continue. This will remain the condition of things no matter how high you pile the revenues and no matter how heavily you tax the people to meet this danger.

There is another danger. The gentleman tells you that the difference between his plan and that brought forward by the gentleman from Illinois is that the bonds under his plan are redeemable in coin. Why, sir, all the bonds have been redeemable in coin; all

the outstanding obligations are redeemable in that way except silver certificates. What have we had as the policy of the Republican party in the past? We are now reaping the evil that they have brought upon us by their official rulings in regard to the mode of redeeming these obligations. Every Republican Secretary of the Treasury in the past has adopted the policy of redeeming in gold.

If any such calamity should come to this country as that the Republicans should regain political control of the Government and if the gentleman from Maine should be chosen President, have we any assurance from him that he will appoint a Secretary of the Treasury whose ruling will be in accordance with the law and who will redeem in coin—in silver when it is necessary, instead of gold? None whatever. He has been as silent as the tomb on that question. He dare not assure the country in advance what will be his policy in that regard. If he will tell me to-day that he will guarantee to the people to appoint a Secretary of the Treasury who will carry out the law and redeem in silver, if necessary, as well as in gold, there will be some excuse for the adoption of the measure he proposes to-day.

Mr. SPRINGER. Will you make him the Populist candidate for the Presidency?

Mr. SIMPSON. Certainly; the Populists will all vote for him.

A MEMBER. You do not want to kill him off, do you?

Mr. SIMPSON. Now, Mr. Chairman, only a few days ago, along with my Populist colleagues, I had the privilege and the honor of helping to kill the so-called Carlisle bill, and I also assumed the responsibility of suggesting a remedy, so called, or a way out of the difficulties surrounding us and those that seemed to confront us in the immediate future. That remedy was to coin the silver bullion now in the Treasury to meet the obligations of the Government, and also to redeem the outstanding obligations either in silver or gold in accordance with the sums which happened to be in the Treasury; that is to say, if there was more silver than gold, use the silver for redemption. If the gold was in excess, let gold be applied for the same purpose. I also suggested that if all other remedies failed, and the Government insisted on issuing bonds, and an interest-bearing debt should follow, that the deficiency might be met by the issue of full legal-tender Treasury notes, as the Supreme Court of the United States has decided that Congress has the right and the power to issue.

The gentleman from Maine [Mr. DINGLEY] on that occasion did me the honor to notice me, and said it would be a kind of Uriah Heap policy. I confess that I was at a very great loss to see what the connection was between the two, and how Uriah Heap could figure as a financier, even in the mind of the gentleman from Maine. I had read David Copperfield and understood something of the peculiarities of Micawber—and I only refer to this now to show how dangerous it is for a New Englander when he undertakes to perpetrate a joke. Some gentleman suggested that perhaps the gentleman from Maine meant Mr. Micawber; and lo and behold! in the next morning's RECORD I saw that the "joke" had been corrected. [Laughter.] I believe it was the very first time in the history of the RECORD that a joke was ever corrected in that publication. The gentleman from Maine [Mr. DINGLEY] should prepare a diagram to explain his witticism.

In the same connection, a few days ago, the gentleman from Illinois [Mr. CANNON] repeated over again an old chestnut we have all heard for many years, about a gentleman from his State, a Mr. Campbell, a Greenbacker, who, he says, if he were living to-day, would be a Populist; and he referred to this in a sort of derisive way as a kind of slur against the Populists and their theories. He spoke of him as going on to show how interest accumulated. He referred to the assertion of this gentleman that if a cent was put out at compound interest at the birth of Christ and regularly compounded from that time down to the present the result would make a globe of metal as large as the world; and they all laughed at the joke, the Republicans all laughed; and I want to say that they laughed at Mr. DINGLEY's joke, too, notwithstanding that it was not a joke.

Mr. STOCKDALE. Notwithstanding that it had to be corrected?

Mr. SIMPSON. Yes.

Now, the gentleman from Illinois never took the trouble to say whether the computation was true or not. But it was. And I want to use it as an illustration to show what interest amounts to. Seven hundred and fifty million dollars of interest on these bonds is to be another burden that you are going to pile on the people of the United States, another attempt to make your legislation accommodate itself to the money changers and bankers.

When, Mr. Chairman, I ask the question, are the common people going to get some legislation in their interest? When will a Democratic member or a Republican member bring forth in this House a measure that is in the interest of the taxpayers of the country; in the interest of the man who labors for his daily bread? He is the man I want to help, not the banker or the financier. Now, if they have any suggestion of that kind let them bring it forward. If some gentleman has a measure of relief to propose

in his behalf, a measure that will take some of the burden of taxation off of his shoulders instead of piling additional burdens upon it, he will find me ready at any time to come to his assistance and aid him in the support of such a measure. [Applause.]

I have just received in a note from a valued friend residing in my State, now on a visit to the East, a letter embodying some criticisms upon the various financial plans submitted to this House, which I will print as a portion of my remarks:

"FINANCIAL FOXES.

"There is an old story of a gathering of chickens in convention for the purpose of determining the best methods of erecting chicken coops and places of safe retirement at night. To the doors of this conclave came a delegation of foxes. Addressing themselves to the chairman, they avowed their desire to submit plans for the consideration of the body. They assured them that, as foxes, they knew all about the chicken industry. They had been intimately associated with it all their lives and their ancestors before them, and their fat, sleek sides were proof of their skill. It is recorded that the foxes departed in chagrin when they perceived that their overtures were answered by significant silence, while the chickens roosted high. They probably thought a hint was intended, and accepted it.

"It has been contended that the line between intelligence and instinct is almost imperceptible. There are certain facts of very recent happening that will tend to strengthen that sentiment. When a McKinley committee gather in their rooms for the purpose of making a tariff bill their doors are immediately surrounded and the members importuned for a hearing by a lot of very foxy manufacturers and forestallers of natural opportunities who 'know all about the tariff; they have been in it all their lives and their fathers before them.' They are 'friends of the tariff' and believe the beneficent institution can only be properly left to the nursing of those who profit by the delegated power of taxation. But when the people show their disgust at such impudent delegation of a sovereign power by turning the rascals out, another set of statesmen gather here for the purpose of reforming the financial system of the country, and lo, the doors of the committee rooms are again besieged. This time it is neither a mob of foxes nor yet of petted manufacturers and forestallers. The onlooker would be puzzled to determine whether it was a syndicate intent upon establishing brass works with their capital all in their cheeks, or a lot of men who had so long reflected the color of their coin as to believe themselves created of a little better dust than the rest of humanity.

"But there are many who need no introduction to this class. They are those who have noted the financial legislation of this country for the past thirty-two years. In the present clamor of men of wealth for 'a sound currency' and 'honest money' is repeated the old familiar 'stop thief' cry under which the people have been plundered in the past. This is an old gang who stood in this capital when an enemy's guns were resounding across the river and higgled for the price of their patriotism. These are the men who never soiled their fingers with the kind of money they demanded must be paid to the soldiers and sailors of the country and to their widows and orphans. While the victorious army was marching past this Capitol there was never heard a word of protest from the caverns of the bankers that heroes were being robbed by being paid in 'rag money.' That cry was only raised when Mr. Banker held the interest-bearing obligations of this Government, enhanced in price by the most iniquitous act ever placed on the statute books of a civilized nation. Then the banker became very anxious to secure the enactment of a law under which the soldier should be forced to pay 'hard money' for a debt contracted in a purposely depreciated currency. Let us examine some of the plans and arguments put forward by these worthies in favor of delegating to them the entire control of the people's money.

"The Secretary of the Treasury is assumed to know all about finance. This is one of the strange anomalies of the age. Merely because the fortunes of politics have enabled him to assume the title of Secretary of the Treasury, he is immediately assumed to know all about the economics of finance. On the same principle the fortunate son-in-law of a musician might be offered the position of musical critic on a newspaper. Let us measure the present Secretary rather by his acts than by his title. He knows what is desired, for he stands with those who demand a 'sound currency and honest money.' He believes with his associate in the Cabinet that the American people have a right to expect the 'best money for the best beef and pork and butter.' Therefore, he brings in a bill for the purpose of securing them in this enjoyment. And what does he propose? He finds, first, that it is impossible for 70,000,000 people to maintain 'a parity of value' between two metals and a sufficient coin reserve. And he sees a way out of the difficulty by delegating that duty to a few thousand bankers. He finds a currency system in which are certain promissory notes of national banks. He finds that these notes are secured by the faith of the Government, and that security for

them is held by the people's agents. Mr. Carlisle proposes to improve on this by substituting a hundred-dollar interest-bearing bond as security for every hundred dollars of notes and held by the people's agents, \$30 of noninterest-bearing notes of the Government held by the people's agents, plus a lot of other collaterals held by the issuers of the notes. Mr. Carlisle must not wonder if the chickens roost high.

"Let us submit a few figures to this eminent financier. Let us suppose his scheme accomplished, what would be the result? The banker with \$100,000 capital would start a bank. He would deposit \$23,500 in Treasury notes of some kind with the Comptroller of the Currency and receive in return \$75,000 in money having the indorsement by the Government, but not a legal tender for the payment of debts even to the extent now possessed by the notes of the national banks. 'But,' says Mr. Carlisle, 'the notes are also secured by the assets of the banks and the wealth of the stockholders.' Mr. Carlisle apparently believes the note holder is thus 'secured.' The Secretary would never have attained his reputation as a lawyer of sagacity if he had allowed a client to loan money and let the borrower hold the security. He would have us believe there is something sacred and all-powerful in a 'bank,' and that a banker's word is as good as his bond. This might be accepted as true as to some bankers' words and bonds, the bankers being allowed to hold both.

"That the banker is perfectly 'secured' will be apparent by a few more figures. He loans his own debts to his customers. The banker's debts are 'secured' by the Government indorsement, and he draws interest on them. This would seem like a species of class legislation. But it is argued that this is not a special privilege, because anybody can become a banker and take advantage of the law. A child in a grammar school would be enabled to show Mr. Carlisle that this would only be possible when the whole people became bankers and nobody baked bread and cleaned the streets. And when the banker loans his debts he receives more than their full equivalent in some sort of security. Then if he loans his \$75,000 he has in his possession other security of more than that amount. The banker is very kindly cared for by Mr. Carlisle and will never think of suggesting chicken raising in his presence. This is what is called a step toward a 'sound currency' and 'honest money.'

"Another proposition of this financier must not be overlooked. It is proposed to relieve the bankers of the necessity of keeping a reserve fund to secure his deposits. The banker is to be left to exercise his own sweet will as to the amount of such security in the form of a reserve necessary to 'sound banking.' He may fix it at 40 per cent or one-half of 1 per cent and run away with that, and all the Government will say is 'It is too bad.' But, I hear some defender of 'sound money' say, 'It is proposed that all the banks shall agree to indorse the bank notes of all banks.' We might hesitate to suggest that the Chemical Bank of New York would refuse to accept such a proposition if we had not heard rumors of that sort from men of vast wealth and high position. Even Horace White scents danger in that proposition. Even the bankers know enough to roost high in face of such danger.

"And now we must contemplate another great financial prophet. Anointed with the oils of office, he steps at once to the front rank of financiers. He was made Comptroller of the Currency, and lo, he is bidden to the bankers' tables and toasted as an 'authority.' Having had surfeit of toasts, Mr. Eckels must not quail if subjected to a few roasts.

"Upon one point Mr. Eckels and all these great lights agree with a pleasing unanimity. They are all well assured that the paper notes of the Government must be suppressed. They rally with one accord under the cry, 'The greenbacks must go.' Some of the lesser lights make pretense of saving a remnant of the offending greenbacks as a sort of 'redeemer' for the evidences of the bank debts. But this is at best only a mere pretense to blind the eyes of those who let sentimentality interfere with their consideration of the great question of 'sound currency and honest money.' All such mere sentiment is out of place where bankers are discussing any question. Sentiment among bankers suggests the old comparison of a powder magazine in hell.

"It is also to be noted that Mr. Eckels duly appreciates the obligations of his situation. He has apparently studied the history of his office and noted with care the conduct of his predecessors, who, if alive, may be addressed in care of some national bank. He stands for the perpetuation of the system of national banks. True, he would enlarge their functions and privileges. He would give them such increase of power as to make it unnecessary for them to wag their little fingers to annul the authority of the people's representatives in Congress assembled. He would so enlarge the bank power as to make a nod sufficient when the people rebel against their exactions. And then, if it were found difficult to secure all the bankers ask for, Mr. Eckels would bury all opposition in a 'commission' composed of experts. In other words, he would call the foxes together to care for the chickens. In the consideration of the suggestions offered by Mr. Eckels it may be

needful to make comparisons with the utterances of his predecessors and their supporters in the defense of 'honest money and a sound currency.' The trail of the fox appears in all.

"STATISTICS.

"As Silas Wegg dipped into poetry, so Mr. Eckels dips into figures. There has been demand for an increase in the volume of money. Such demands always meet with bitter opposition on the part of the bankers. They have learned the significance of the saying that when two employers are seeking one laborer wages are high, and that when two laborers are seeking one employer wages are low. They know that when two investors are hunting for one dollar the dollar is harder to get than when two dollars are seeking for one investor. Mr. Eckels is the faithful employee of the banks. He looks to them for his present salary and for his future remuneration, when the example of their liberality to him is to be made an object lesson for his successor. So Mr. Eckels gathers a lot of statistics to show how much of the daily business of certain communities is transacted by checks and other forms of credit. From his figures Mr. Eckels derives the following conclusions:

There are wide differences as to the extent of the use of credit instruments in retail business between States of the same general character of population and economic conditions, but it would seem, from such results as this investigation show, that if there is a real demand and necessity for a continuous larger medium of exchange, the satisfaction of that demand could and would be met by an increase in the use of credit instruments. It is fair to presume that their use would follow, as the absolute business needs of those engaged in carrying on business of each community are always met. That it is not so met is evidence that the need is not as real as many would suppose from the constant demand made upon Congress to simply increase the volume of the currency. Moreover, if that argument, which is based solely upon the demand for more money, were in any large measure sound, it would amount merely to a demand for an increase in the use of credit, since the purpose served by bank notes in the majority of instances could be equally well served by bank discounts and credit deposits; in other words, by the use of checks.

"Here is a great financier's logic. He ascertains that in some localities there is a continuing use of checks and other forms of credit in the daily transactions, and he concludes—as a banker's agent—that the demand for more money in circulation by those ignorant people without bank accounts can be met perfectly with the suggestion that they use checks. It may be hinted to Mr. Eckels that a Queen of France once sharply rebuked the people who were rushing to Versailles in search of bread by suggesting that they stay at home and 'eat cake.' It is fortunate for Mr. Eckels that a better civilization makes it unnecessary for me to suggest that the basket soon held the Queen's head. There will be no sawdust in the basket to which the political heads of Mr. Eckels and his allies will soon fall, but the baskets will be full, all the same.

"How easy it is for the agent of the national bankers to argue that it is better for the people to use checks and evidences of credit. In his statement of conclusions Mr. Eckels unwittingly exposes the animus of the suggestion. He says, 'The purpose served by bank notes in the majority of instances could be equally well served by bank discounts and credit deposits.' The merest tyro will comprehend the meaning of this statement. It suggests at once the fact that a scarcity of money will make it possible for the banker to supply 'bank discounts and credit deposits.' This is all right for the banker, and if it happens to be death to the user the fact will cause no Comptroller of the Currency to lose sleep.

"Let me suggest to Mr. Eckels facts that might make his present argument seem absurd. He finds that the people of certain sections make use of 'bank discounts and credit deposits' in the transaction of their business. He concludes that such devices are as good as money. I recall passing through the chief city in Mr. Eckels's State during the war. There was every evidence of business activity and more or less of patriotism. The people seemed prosperous, though not many of them had at that time set themselves up as financiers. They were using postage stamps and car tickets as money. I frequently saw both these offered in payment for goods delivered. Some of the goods were called 'wet goods,' and were delivered over counters that dripped with wetness. The condition of the postage stamps after such handling may be imagined, but not described. If Mr. Eckels had been Comptroller at the time would he have concluded, from a statement of the amount of postage stamps and car tickets used in Chicago, that its people did not want any small change? Or if, after Mr. Eckels becomes a well-paid bank president, will he sit on the deck of an ocean greyhound and believe that shipwrecked sailors floating by on a plank need no assistance in the shape of a better means of conveyance, simply because they make use of the best afforded in their misfortunes?

"HOW THEY AID THE GOVERNMENT.

"Equally with his predecessors, Mr. Eckels believes the banks render great aid to the Government. He thus echoes the old cry that the Government actually owes its existence to the patriotism of the banks during the war. According to such authority, the national banks enabled the Government to suppress the rebellion—

by taking out their notes after the surrender of Lee and the disbandment of the armies. Before quoting the statements of the Comptroller in this connection, I want to remind him of what happened while the banks were aiding the Government to suppress the rebellion. Every note issued by the banks was as much an inflation of the currency as if a Treasury note had been issued.

"Mr. Eckels will respond with the assertion that the bank credit was added to that of the Government. Probably the Comptroller would not argue outside a bank parlor that the lesser was greater than the whole or that the inclusive term was less inclusive than the specific. He would not risk his standing as a logician before a gathering of Illinois farmers by the assertion that the circumference of the hub was larger than the tire of the wheel, or that a single pig weighed more than a whole barn full. He knows that the whole includes every part, and he knows, too, that the power of the Government is all the power there is in this country. It may for a time be so delegated as to make the bankers believe themselves omnipotent; but their power is only great as it includes a portion of sovereignty improperly delegated. The man who believes that a banker's indorsement of a piece of Government paper makes it a whit stronger would see no impropriety in the fence painter who sought to improve a summer sunset with his daub brush.

"Among the benefits to the Government named by Mr. Eckels from the operations of the banks is the following:

As Government depositories the national banks have received, stored in their vaults, and accounted for \$5,356,625,891 without expense to the Government. Allowing the rate of three-eighths of 1 per cent as a reasonable compensation for such services, which is the same as that fixed by the act of March 3, 1875, as the compensation of disbursing officers for public buildings, it would amount to \$30,087,347.

"Anyone familiar with the monthly debt statements of the Treasury will appreciate the full significance of this claim. The banks have rendered service to the Government in that they have 'received, stored in their vaults, and accounted for \$5,356,625,891, without expense to the Government.' Surely such a system and such patriots should be well esteemed by the people. The sum named may well enthrall even a Comptroller of the Currency and an anticipating bank president. The banks have held all this money for the Government, and still continue to do so, 'without charge.' They are so intensely patriotic, so determined to render great service to the people, that they actually allow the Secretary of the Treasury to deposit with them millions of money and never charge the Government a cent. But Mr. Eckels is too modest by half, and I want to give him a hint lest he fail of the abundance of reward anticipated by minimizing the fullness of the banker's service in this regard.

"The enormous sum stated by Mr. Eckels as having been handled by the banks for the Government without charge evidences a degree of service to the Government. But it is a sum indicating the gross amount held by the banks for the Government during a long series of years. Mr. Eckels forgot to say that the banks had also held as a continuing daily balance of private deposits nearly \$2,000,000,000, and that, too, without charging the depositors. I recall the fact that this desire of the bankers thus to serve the people is so intense in our great cities that they pay large sums for advertising in order to notify the people of their beneficence. They even go so far in some cases—not national banks—as to pay a small interest on the daily balances.

"Perhaps Mr. Eckels failed to note this fact lest it might suggest that State banks had been even more liberal than the national banks. And before closing this branch of the subject I want to call Mr. Eckels's attention to a little fact. If it shall ever happen that his friends in the national banks get tired of performing this service to the Government, I will be able to help them out, and will give Government bonds as security for every dollar so held, provided the Government will issue bonds payable at its option at 2 per cent per annum. I do not want Mr. Eckels to think I am a shylock, or even a national banker of this age. I am not entirely devoid of patriotism. And when Mr. Eckels makes his comparison between the services of the bankers and the disbursing officers for public buildings perhaps he will explain what would happen to those disbursing officers if they loaned out the money committed to their charge at interest, pocketing the profits thereon.

"SERVICE TO THE PEOPLE.

"Mr. Eckels believes the banks have also rendered service to the public aside from that rendered to the Government. He sums these all up as follows: First, the saving in heavy discounts on the bank currency prevalent before the establishment of the national-bank system. Second, the saving in rates of interests on loans and discounts. Third, the saving in making exchange. Fourth, the saving to customers in making collections.

"In every phrase the Comptroller speaks on the assumption that the old State-bank currency was the condition precedent to that of the national banks. We must hold Mr. Eckels to the truth of history. His is not excusable ignorance. In his position he is bound to know or confess his ignorance and get out. The green-

back had done its work long before the national-bank note became a power in the land. Even at the close of the war the national banks had less than a trifle over \$100,000,000 of their notes in circulation, and the major portion of these were issued after the backbone of the rebellion had been broken. Practically none were issued in 1864. And yet the better greenback had driven the bank note almost entirely out of circulation and bankers were not prating of the Gresham law. Into what might have been a homogeneous currency the bank notes were thrust by men who had as little idea of patriotism as a pig of conic sections.

"There was something to be made out of the necessities, and the bankers of this country sustained the unbroken reputation of their kind. For every dollar in national-bank notes issued during the year 1864 the Government actually paid the bankers issuing them a premium to accept a 6 per cent United States bond. The banker paid in greenbacks say \$100,000 for his bonds. He received \$90,000 in notes indorsed by the Government, and made a lawful money in many important cases, including all payments to the Government except duties on imports and interest on the national debt. He received in advance 6 per cent in coin on the full amount of the debt for one year. This coin in July, 1864, was worth two and a half times its face value in greenbacks, and the banker therefore received in the same kind of money he had paid for his bonds \$105,000, and the Government still owed him the \$100,000 in gold interest-bearing bonds. The man who argues that this was anything less than clear robbery is either devoid of intelligence or honesty.

"And in any of this portion of the Comptroller's argument it is difficult to take him seriously. He asks the victims of his system to believe they are benefited by the magnanimity of the banks. But with the same logic he might demonstrate that the smallpox was a great blessing to the people because it carried off fewer victims than the cholera. If it were true that the national-bank notes had been instrumental in relieving the people from the losses caused by the old system of unregulated State banks of issue, the Comptroller might ask for their continuance only after he had demonstrated that a better system of paper money could not be devised and had never been tested by the people. The fact is as plain as any mathematical demonstration that the Treasury notes of the Government were in use long before the banks mustered up patriotism enough to hold Government bonds as a basis for the loaning of their debts at interest.

"The further fact is that the Treasury notes have always been held at a slight premium over bank notes, and that their being so held is in accordance with a natural law as universal in its operation as that of gravitation. The Treasury notes have a wider use, and, as value resides in use, they must always be proportionately more desired. And once more I must revert to the proposition that the banks have served the public—that is, the Government—by holding vast sums on deposit without interest. Mr. Eckels shows that the national banks hold for the people balances of deposits amounting to \$1,647,017,129. Speaking of a similar service rendered the Government, Mr. Eckels shows that such a service at the rate allowed by law for the disbursing officers of public buildings would have cost the Government over \$20,000,000. Will Mr. Eckels now say that the national banks render such a valuable service to their depositors by holding the sum above stated?

"THE COMPTROLLER'S SUGGESTIONS.

"Now, the Comptroller enters the field with the Secretary of the Treasury and the bankers, suggesting to Congress certain amendments to the banking law. He wants elasticity. In this he is at one with all the volunteer doctors who have appeared before the committee. He admits that 'no better plan for simply insuring the note holder against loss than the present deposit of bonds to secure a bank's circulation' could be devised. But he believes that this plan does not afford 'elasticity.' He would, therefore, have the Government adopt a lesser security, and substitute for the better note 'elasticity.' Furthermore, the Comptroller admits, 'It is the duty of governments to see that the currency which circulates among the people ought always to be of the very highest character, and the soundness of which should never be a subject of inquiry.' Will the Comptroller tell us why this is a function of government? In analyzing the question he would strike the fundamental principle of the whole discussion. He would see that the issue of money is primarily a governmental function. He would discover that this is not because of any 'social compact,' that it was not because of a human statute or constitutional provision, but that it rested in natural law as firmly as the inalienable right of all men to life, liberty, and the pursuit of happiness. Then let him turn to his law books and read once more the foundation for the saying, 'Delegatus delegari non potest.'

"How does Mr. Eckels propose to give us a currency 'of the very highest character?' He asks that we allow the banks to loan us their promissory notes based upon their discounted paper. This is in brief Mr. Eckels's plan. He would have the banks provide a safety fund to redeem their notes by a graduated tax until the

sum secured should equal 5 per cent upon their issues. In other words, it is proposed to secure the 'highest character' for our note circulation by substituting for a Government bond worth more than the notes issued 5 per cent in cash—after a time—and the assets of the banks.

"There are two points in this connection that will require explanation before being accepted by the average citizen who does not hold office. It will be difficult to make sensible people believe that the banks can issue a better currency than the Government. It will be still more difficult to make them believe that a small safety fund is better than the guaranty of the Government. And Mr. Eckels will be asked to explain whether the notes proposed to be issued under his plans, and all of the other plans emanating from Wall street, are to be redeemable in coin, either gold or silver. I know it is claimed that these notes will be redeemable in the precious metals, but the claim is made with a sinister smile. They are to be redeemable at the banks of issue; in other words, a bank note issued in Des Moines, Iowa, is to be redeemed only at the bank of issue, and if it happens that such a note has strayed away from the immediate locality of that bank the sole pretense of coin redemption rests upon the assumption that the holder shall be able to travel miles enough to reach the bank and make the demand, which will doubtless be refused if made. In other words, they are to suspend specie redemption in the interest of the banks.

"But these plans have come so thick and so fast—they have been amended and the amendments amended—they have been changed so rapidly as to suggest a question whether their paternity could be discovered. In all the varying phases of the discussion on the part of the Wall street monometallists one end has been constantly kept in view. This has been the desire to maintain what is called 'the gold basis.' The object of this effort is very plain. It is to secure in the hands of the wealthy bankers and capitalists of the East absolute power of control over the finances of the Government. It is fortunate for the people that men in Congress having convictions and the courage of them have exposed the absurdity of these plans and have thus far defeated them.

"I now want to call your attention to one more gross absurdity in the arguments that have filled the CONGRESSIONAL RECORD and the press devoted to the plans of the Administration. Senator SHERMAN has repeatedly affirmed that the law requires that the parity of the gold and silver coins should be maintained by the Government. This statement has been reiterated by Republican and Democratic admirers of the great financier from Ohio. They assert that this is mandatory upon the Administration because of the clause in the Sherman law referring to the parity of the two metals. In the first place, it is to be observed that these gentlemen willfully and knowingly misquote that law. There is no reference in the act of July, 1890, to a policy for maintaining the parity of gold and silver coin. The expression is that it is the policy of the Government to maintain the parity of these two metals. And there is a vast difference between the attempt to maintain the parity of value of coins and the parity of value of metals. Moreover, it is not mandatory upon the Administration. It is simply a declaration that it has been the policy of this Government to maintain the parity.

"Now, what does this expression mean? It means that in the Sherman Act there was a declaration of a gross absurdity. There is no such thing as maintaining a parity of value of two metals. It is not possible, any more than it would be possible to logically speak of maintaining the parity of value of any other two commodities. But, assuming it were possible, and assuming that the declaration in that law was mandatory, what would be the logical consequence? At the time of the passage of that act silver was worth nearly twice as much in the market, measured by gold, as it is today. The policy of the Government, then, has not been such as to maintain this parity. It does not necessarily follow that because there has been a decline in the market value of silver as a commodity it resulted from the action of the Government. But it can be very plainly seen that this action of the Government has been a potent factor leading up to that result.

"Value resides in use. Our experience has shown the truth of the statement that when a commodity or a money is denied certain uses the value is proportionately decreased. This was thoroughly appreciated during the war, when a successful attempt was made to depreciate the value of our Government paper money. It was thoroughly understood by those who put the 'except' upon the greenback and provided a use for gold coin that paper money could not discharge. The policy of this Government, therefore, in the payment of gold coin in the redemption of its obligations and its refusal under a strict mandate of Congress to pay silver for such purposes has necessarily resulted in the depreciation of silver through the diminishing of its uses. It will naturally follow, therefore, taking the ground of the monometallist, that it was now the bounden duty of the Government to attempt, so far as possible, a restoration of the parity which existed at the time of the passage of the Sherman Act by placing silver upon that equality with gold coin that exists under the statute.

"The Secretary of the Treasury is instructed to redeem silver notes in silver coin struck for that purpose from the metal purchased by the Treasury notes. This he has not done. He is instructed also to redeem the notes of the Government in gold or silver at his discretion. For this policy he has substituted one under which he has redeemed those notes in gold at the option of the holder of the notes, and to the great detriment of the Treasury and to the country. Every rule of logic would lead the Secretary of the Treasury and the Administration to a change of this policy.

"There is but one other point to which I wish to call your attention. In the most recent proposition of the Government for the issuance of coined bonds for the purchase of gold it is provided in the contract, made secretly by the Administration with the representatives of the money power in New York, that if Congress will give authority for the issuance of a bond payable in gold the interest now contemplated at 3½ per cent shall be reduced to 3 per cent. Failing to receive this authority, it is proposed to issue the bonds payable in coin at the higher rate of interest. There will never be an opportunity in the future for any statesman, even with the hardihood of those who sustain the policy of the Administration, to claim that there is any question as to whether the bonds about to be issued are payable strictly according to the contract in silver. The purchasers of those bonds will have received notification by their accepting them at the higher rate of interest and by the refusal of Congress to grant their demand for a gold bond that this Government holds the option to pay them either in gold or silver.

"There is no possible escape from this logic. It is as clear as the noonday sun. They understand perfectly, and it has been made clear in the debates, that the people's representatives have refused their assent to a bond specifically payable in gold. That action has settled the question for all time that this Government has the right to pay in silver coins of the present standard any obligation that is now outstanding, or that may be issued, until a different action is had by Congress. It is well that this point should be made clear before the close of this session of Congress. There should be a record made that this matter was discussed, and that those who took the bonds took them with the full knowledge that the Government should retain its option to pay bonds either in gold or silver, and pay therefore the higher rate of interest.

"P. FAULKNER."

[Here the hammer fell.]

The Currency.

SPEECH

OF

HON. T. J. HUDSON,

OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1895,

On the joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds.

Mr. HUDSON said:

Mr. SPEAKER: The time for consideration of this resolution is limited to five hours in this House, and there are 356 members waiting to discuss it. It would be unseemly on my part to occupy more than five minutes. It is claimed by the President and Secretary of the Treasury that the Treasury of the United States is laboring under great embarrassments in its efforts to keep a hundred millions of gold as a reserve on hand. It is also claimed by the Executive and the friends of this resolution that the passage of the resolution will save the Government of the United States \$16,000,000. In other words, they say that if you will permit the Treasurer to issue and sell bonds payable principal and increase in gold, the contract already existing between the Secretary of the Treasury and Rothschild & Sons and J. S. Morgan & Co., London bankers, will be abrogated; otherwise the Secretary of the Treasury will be compelled to issue sixty-five millions of coin bonds, running thirty years, at 3½ per cent annual interest, payable quarterly.

This involves, Mr. Speaker, a very serious question, and one which I fear will give this country a great deal of trouble in the near future. It involves a change of base, a denial of the policy heretofore existing of making all our obligations payable in coin. Pass this resolution and the seven hundred millions of our bonds now outstanding will be knocking at the doors of Congress and demanding equal recognition with the sixty-five millions which we are asked to authorize the immediate issue of. Sixteen millions of dollars is quite an important item, and one that ought not to be lightly brushed aside. On the other hand, it is most impor-

tant that we should carefully consider the business interests of this country both now and hereafter.

In my judgment a declaration upon the part of this Government of its intention to adopt a gold basis without possibility of change or retraction would cost the people of the United States many billions of dollars. It would be a full recognition of the demands of the gold shylocks. It would be an abandonment of all hope of future recognition of silver. It would be a turning over of this Government to our bondholders and the gold speculators. It would be a total surrender of the right of the common people to give voice to their will respecting the financial policies of this Government. No observer of public sentiment can have failed to understand that the great majority of the American people are to-day in favor of the full recognition of silver as it existed in this Government prior to 1873, and that sentiment is growing, and as the people read will grow more rapidly in the next few years than it has in the past. The President of the United States and the Secretary of the Treasury have consulted with and been interviewed so often in the last year by the representatives of Wall street and London bankers that they have not had time to consult or listen to the American people.

Mr. Speaker, a great many of our Republican friends who talked and voted in favor of the repeal of the purchasing clause of the Sherman Act have, I am most happy to say, visited their homes and attended the hustings last fall and returned to this Congress fresh from consultation with the honest yeomanry of their districts, and are now standing manfully upon this floor denouncing this gold-idol policy. It will be observed, however, that they have not yet been able to reclaim their leader, the distinguished gentleman from Maine, nor will they succeed in moving the great majority of their leaders from under the baleful influence of the Rothschilds. They will learn sooner or later that the tail can not wag the dog, and that the dog stands by the bondholders.

We are told that a crisis confronts us and ask what we would have done. My reply is, pay our debts according to the strict letter of the law, which we are amply able to do without the issue of a bond of any kind or character. For the purpose of proving conclusively to the country that my statement is right, I call Mr. Carlisle, present Secretary of the Treasury, who, on the 21st of January, 1895, stated before the House Committee on Appropriations that we had a legal right to pay our outstanding obligations in silver. Questioned by Mr. SIBLEY, of that committee, he answered:

Mr. SIBLEY. I would like to ask you (perhaps not entirely connected with the matter under discussion) what objection there could be to having the option of redeeming either in silver or gold lie with the Treasury instead of the note holder.

Secretary CARLISLE. If that policy had been adopted at the beginning of resumption—and I am not saying this for the purpose of criticizing the action of any of my predecessors, or anybody else—but if the policy of reserving to the Government, at the beginning of resumption, the option of redeeming in gold or silver all its paper presented, I believe it would have worked beneficially, and there would have been no trouble growing out of it. But the Secretaries of the Treasury from the beginning of resumption have pursued a policy of redeeming in gold or silver, at the option of the holder of the paper, and if any Secretary had afterwards attempted to change that policy and force silver upon a man who wanted gold, or gold upon a man who wanted silver, and especially if he had made that attempt at such a critical period as we have had in the last two years, my judgment is it would have been very disastrous. There is a vast difference between establishing a policy at the beginning and reversing a policy after it has been long established, and especially after the situation has been changed.

It will be seen that Mr. Carlisle's only excuse for insisting on evading the law and selling bonds is a bad precedent set him by former Republican and Democratic Secretaries of the Treasury. This fully justifies the excuse of an early settler in Arkansas. When charged with stealing hogs (they do not steal hogs in Arkansas now) he admitted that the charge was true, but gave as an excuse for his bad conduct that it was the regular thing in the neighborhood in which he lived.

Now, sir, our Democratic friends have gone before the country and complained of the misdeeds of the Republican party, and justly complained of many things heretofore done by that party, the chief of which were the acts of Republican Secretaries of the Treasury in construing the word "coin," where found in our obligations, to mean "gold." One of the principal reasons for the turning down of that party to the will of the bondholders and money shylocks. In fact, the Democratic party throughout the Middle States, the South, and West was a unit against that policy. No sooner, however, had a Democratic Secretary of the Treasury been comfortably seated in the Treasury than he adopted the craven policy which he and his party had criticised and denounced.

It is pretended that this Government owes a higher obligation to bondholders than to the veterans of the war and the mass of the American people. I deny that proposition. The Populist party emphasize their denial of that proposition, by demanding that all the Government's creditors shall be treated alike. If the Secretary of the Treasury will to-morrow boldly and manfully an-

nounce his determination to pay the debts of this country according to the legal terms of the contract, and stand by that announcement, our financial embarrassment will at once cease and no more bonds will be needed. The Democratic party has repeatedly in its national and State platforms declared in favor of the recognition of silver, and of the payment of our obligations according to the terms of the contract of treating pensioner and bondholder, laborer and banker exactly alike. Do this, and the whole financial embarrassment of our Treasury will disappear as snow before a summer sun.

Mr. Speaker, there can be no higher obligation upon the part of a Government than its obligation to keep faith with the people of the Government. To make a distinction between a bondholder and a day laborer is a crime, is an injustice which enters the home of every toiler and producer in the land. I deny most emphatically, and the great mass of the American people join with me in denying that the Government of the United States owes our foreign bondholders a higher obligation than it does the men who defended the flag and who are to-day maintaining the honor, integrity, and prosperity of our nation. The remedy is simple: pay our bonds and bondholders and our other obligations according to the letter of the law. That, sir, is the duty of the Secretary of the Treasury. Like every other officer of the United States, he is the creature of the law, and has no power except such as is delegated to him by the law. This resolution, Mr. Speaker, is an effort, an expiring effort, upon the part of the Executive of the United States to coerce this Congress into adopting a gold basis. It will not succeed; it ought not to succeed, and the defeat of the measure will be the triumph of the common people.

Policy Regarding Hawaii.

SPEECH

OF

HON. HENRY M. TELLER,

OF COLORADO.

IN THE SENATE OF THE UNITED STATES,

January 26 and February 6, 1895.

The Senate having under consideration, January 26, the resolution relative to the policy to be pursued regarding Hawaii, submitted by Mr. ALLEN on the 24th instant, as amended by the substitute proposed by Mr. VEST, and February 6, the bill (H. R. 834) making appropriations for the diplomatic and consular service for the fiscal year ending June 30, 1896, the pending question being on the amendment of the Committee on Appropriations providing for a telegraphic cable between the United States and the Hawaiian Islands—

Mr. TELLER said:

Mr. PRESIDENT: The amendment to the resolution indorsing the policy of the Administration of course indorses a policy that has not been consistent with the first provision of the resolution, because the President of the United States has not maintained that masterly inactivity, that impartiality, between these people that the resolution declares he has. It can not be denied in the presence of this Senate that the President of the United States has not been impartial; but, on the contrary, the President of the United States attempted to overthrow the existing Government and to reinstate the deposed or destroyed Government. I know the other day when this question was up before the Senate some friends of the Administration denied that. They denied it in spite of the fact that the President had declared, in a semi-official way at least, that he had attempted to restore the deposed Queen and had failed.

If the doctrine of nonintervention that is here praised, and which it is said the President has followed, is the right doctrine, then the President is to be condemned for not having followed it. I know, on the other hand, it will be said that the President did not follow it because there had been misconduct on the part of our officials. Grant that there had been such misconduct, did that justify the President? The fact that Mr. Stevens was officious, as it is said he was, certainly did not justify the President of the United States in attempting to undo what the people had done, even if it was true that they were incited and assisted by Mr. Stevens. It has always been the policy of this Government to recognize a Government that was able to maintain itself. The existing Government was able to maintain itself, did maintain itself, and maintained itself in spite of the efforts made by this Administration to destroy it. It maintained itself in spite of the fact that a national ship was in the harbor and that a special envoy was sent from this Government with a declaration to those people that he came there not in the way Mr. Blount did, who went there for information and to get the facts of the case to lay before the President, but who said, "I come here as an executive officer. I come here to act. When I am ready to act I shall act, but I am sorry to say that I can not tell you now how I will act."

Mr. President, it is a farce to talk about this Administration having been impartial. This Administration attempted to destroy the Government of the Hawaiian Islands. It attempted to destroy it with the moral force of an American ship in the harbor. It attempted to destroy it because it was known in those islands that if they were to be defended against an attack from any part of the world which might be made against them that defense must come from us and under our flag. And if the Queen had agreed that she would not insist upon the execution of the officials of that Government this Government would have been an active participant in the revolution instigated and supported by this Government, and by this Government alone, without the slightest evidence that the people of that country were not content with the administration of affairs when Mr. Willis reached there. I repeat, the only thing that did not make this Administration an active participant in the destruction of that Government was the fact that the Queen said she would commit murder on her inoffensive citizens if she had the opportunity, and neither Mr. Willis nor the Administration dared to brave the indignation of the American people and allow that to be done.

Mr. President, I am not willing to put upon the records of the Senate an absolute falsity, and that is what you do when you say that this Administration has maintained impartiality between the Government existing in Hawaii and those attempting to restore the Queen. If the Queen, the imbecile Queen, the African Queen, is not to-day upon that throne it is because this Administration could not put her there. It attempted it, and, as the President said, "When my plans failed, then I submitted the subject to Congress, and there it is now, and I can not say to you, commissioners of the Queen, that anything will be done." Mr. President, he was safe to say that nothing can be done by this Administration or any other that will reinstate that old imbecile Queen, with her wicked and corrupt administration, that had existed until the best element in those islands was in arms against it. All the good people of those islands were against it without exception. The Portuguese, who are good people; the Germans, the English, and the Americans were in a body against it. The only support she had was from a few parasites and by a portion of the native population, and I do not think I shall do injustice to them if I say they are totally unfit for self-government, and are incapable of maintaining civilization without the vivifying and elevating influences of the European civilization found in that country.

Mr. President, there is some possible ground for a difference of opinion as to what should be the policy of our Government as to those islands. There ought not to be any as to what has been the policy of this Administration. There is no man in the Senate or in the country who has the right American sentiment in his heart who can approve of it. I do not believe the Senators who voted for it in their hearts approve of the cowardly policy or that they approve of the last declarations made by this Administration as to what shall be the status of American citizens in those islands. When Mr. Herbert sent out his last proclamation to our minister saying that if any citizen there should attempt to maintain the existing state of things, and to maintain the Government he should by that act forfeit the right of protection of his Government, he asserted what is not justified in international law.

Every American citizen dwelling on those islands is entitled to the protection of the American Government unless by some violation of international law he has forfeited it. The Secretary of the Navy says that if any American citizen shall attempt either to support or maintain the present Government or to overthrow it then he shall forfeit all rights to protection from this Government. Mr. President, that is not the law of nations.

Mr. CALL. Will the Senator from Colorado allow me to ask a question?

Mr. TELLER. Certainly.

Mr. CALL. I submit to the Senator's consideration the following provision of the treaty between the United States and Hawaii:

And each of the two contracting parties engages that the citizens or subjects of the other residing in their respective States shall enjoy their property and personal security in as full and ample manner as their own citizens or subjects, or the subjects or citizens of the most favored nation, but subject always to the laws and statutes of the two countries, respectively.

That provision makes the citizen of the United States in Hawaii, a foreign country, subject to the laws of the two countries.

Mr. TELLER. The Senator from Florida is correct, as usual. The citizens of the United States dwelling in those islands owe allegiance to the Government there existing, not only by treaty, but by international law; and it is the first time, I venture to say, that it can be found anywhere in the archives of this Government that any officer of this Government has declared that that allegiance did not exist.

Mr. President, every American citizen residing on those islands, I repeat, owes allegiance to the Government there now in existence. They are not required by international law to incorporate themselves in the army, but they are required by international law to obey the laws and to do militia duty if they are called

upon. If the Government of the Hawaiian Islands calls upon any American citizens to-day in those islands to act as a posse comitatus, by the law of nations they are required so to act. If the Government calls upon them to perform police duties they are required so to act.

Mr. CALL. Will the Senator allow me?

Mr. TELLER. Certainly.

Mr. CALL. The point I submitted to the Senator is that the laws of Hawaii forbid, and did so at the time of the revolution, any person a resident there, subject or American citizen, from taking arms or conspiring against the Government then existing. So the Secretary of the Navy says, "If you, an American citizen, violate the laws of Hawaii you violate the laws of the United States, for under this treaty you are compelled to observe those laws."

Mr. TELLER. I am not going back to the treaty. I am talking about the instructions of the Secretary of the Navy, which I will read, which I say find no support in international law. I say there has never emanated from any Department of this Government a declaration as broad.

Mr. VEST. Let me ask the Senator from Colorado a question.

Mr. TELLER. Certainly.

Mr. VEST. Suppose that five hundred or fifty American citizens, recognizing their allegiance to the Government of the United States, are temporarily in Hawaii, that war becomes flagrant between the government de facto and the citizens of that country, and the citizens of the United States see proper to volunteer as soldiers, or to obey the militia law, does the Senator seriously contend that this Government is bound to protect them when they have deliberately and voluntarily taken part in the war?

Mr. TELLER. I do.

Mr. VEST. Well, I deny that proposition.

Mr. TELLER. And that is international law, and the English recognized it during the last war.

Mr. VEST. We never recognized it.

Mr. TELLER. I will lay down the international law, for the benefit of some Senators here who I think have not read it. When a man goes to a foreign country and domiciles himself there temporarily, he does not lose the right of American citizenship, nor does he gain citizenship under the flag of the country to which he goes. He has a right to be protected by that Government while he is there. If that Government fails to protect him, then his own Government can do it, and must do it.

Mr. GRAY. His own government must protect him against what, may I ask the Senator?

Mr. TELLER. It must protect him against any violence or any loss. I do not mean to say that he may not be assaulted, and if assaulted and he has the same opportunities of defense that a citizen of that country has he can not complain.

Mr. GRAY. If he is—

Mr. TELLER. I will finish—

Mr. GRAY. I shall not interrupt the Senator again, because he is always impatient of any interruption.

Mr. TELLER. I am not objecting to the Senator's interruption.

Mr. GRAY. He always objects.

Mr. TELLER. I want to state my position first.

Mr. GRAY. And he has a right to object.

Mr. TELLER. I do not wonder that Senators are in a hurry on this subject. They have adopted some new international law here that will some day work to their trouble and to their disgrace.

Mr. GRAY. We will take international law from another source than from the Senator.

Mr. TELLER. Of course you do not have to take it from me. International law is old. Since the days of Puffendorf and Vattel it has been pretty well established, and the man is ignorant who does not know that there are certain great fundamental principles recognized by every nation in the world. One which can not be denied anywhere is that civic duties may be imposed upon citizens living in a foreign country, militia duty, police duty, posse comitatus duty, and the Senator will not deny it.

Mr. GRAY. That has nothing to do with this case.

Mr. TELLER. It has to do with this case, Mr. President. Here is a country that is threatened with civil war. The Secretary of the Navy sends a ship. He starts it out from our coast. Of course it was not needed, because all the Senators on the other side have declared again and again that it was not needed. I do not know why the President sent it. It is not now needed, but it has gone from here. The instructions that go with it are as follows:

In case of civil war in the islands, extend no aid or support, moral or physical, to any of the parties engaged therein, but keep steadily in view your duty to protect the lives and property of all of such citizens of the United States as shall not by their participation in such civil commotions forfeit their rights in that regard to the protection of the American flag.

As a general proposition that is correct. But that was not

enough. It would have been accepted undoubtedly by any citizen who is familiar with the law of nations as subject to the ordinary law of nations, that if he was called upon by the Hawaiian Government in existence to do certain things which are recognized, and for which they had a right to call on him, that would not be an infringement of its provision. But the Secretary goes further. He is not content with that. In accordance with what has been the policy of this Government, of this Administration, to assist the rebellion—not the partiality that Senators talk about, not non-intervention, but in keeping with what has been the steady policy since the 4th of March, 1893, to undo what the people had done. The Secretary goes further. I want Senators to find anywhere in international law, if they can, support for this, for I say it can not be found:

An American who, during a revolution in a foreign country, participates in an attempt by force of arms or violence to maintain or overthrow—

Maintain or overthrow—

the existing government can not claim that the Government of the United States shall protect him against the consequences of such act.

Do Senators say they agree to it?

Mr. VEST. I do, emphatically.

Mr. WHITE. Will the Senator from Colorado allow me to ask him a question?

Mr. TELLER. I will.

Mr. WHITE. I should like to ask the Senator from Colorado whether, in the event of participation by an American citizen in an internecine disturbance in a foreign country, an act of hostility on the part of those who are on the other side from such citizen can be construed into an act of hostility to the United States?

Mr. TELLER. No, I do not know that it could be.

Mr. WHITE. It seems to me that is the legitimate sequence of the Senator's doctrine; and that is the reason why I asked the question.

Mr. TELLER. That is not the question. The question simply is, has the American citizen who joins with the authorities existing to maintain the existing order of things in a country violated any law of the country in which he lives or any law of his own country, and can protection be withdrawn from American citizens except for a violation of some law, either that of the country where he lives or of his own?

Mr. WHITE. Will the Senator permit me?

Mr. TELLER. Certainly.

Mr. WHITE. In that event, then, taking the Senator's doctrine to be true, it would be the duty of this Government, looking out for its citizens, to interfere as against those who are attempting to overthrow the foreign Government.

Mr. TELLER. That is not the question. The question is, has the Hawaiian Government a right to say to the American citizen who has had the protection of its flag, who lives in the community, "You must help to maintain the existing order of things. The only exception to that is that you shall not be put in the permanent army of the country. International law has made the rule and said you can not be put into the permanent army because you might then be compelled to fight against your own flag."

Now, Mr. President, there is not any question as to what the law is. Every man who domiciles himself in a country, whether a commercial domicile or a perpetual domicile, subjects himself to the laws of that country, and if the law says the militia shall go at the demand of the executive, he must go; if they say, "You must assist in policing the city," he must do it.

Mr. MITCHELL of Oregon. Unless we have a treaty to the contrary.

Mr. TELLER. Unless we have a treaty to the contrary, as suggested, which I do not know we have with any country in the world, because I do not think that any country would allow its subjects residing in a foreign country to decline the burdens of society that they put upon their own members.

Mr. WHITE. Will the Senator permit me?

Mr. TELLER. Certainly.

Mr. WHITE. Is not the question here not as to whether our citizens may do police duty, or military duty, or not, but as to the conditions under which we should interfere? Now, my question to the Senator was whether, in the event our people enlist in a foreign army, either to defend an existing Government or to overthrow it, that shall be a *casus belli* as regards the United States.

Mr. TELLER. The Senator from California can not withdraw from the proposition I am making that the President of the United States through the Secretary of the Navy declared that the support of this Government in accordance with the recognized international law by the citizens of the United States would extradite them; in other words, that it would withdraw them from the protection of this Government. It was a threat made to paralyze the American citizen who might be there. It was a threat made in order to weaken that new Government with the American element, which is strong and great there, who are not citizens

of that country, by which they should withdraw from exercising the ordinary duties put upon domiciled residents by law; and it was done, in my judgment, for the purpose of weakening and destroying and aiding the rebellion that is now going on in those islands.

We might just as well meet this question fairly and squarely. It has been from the beginning the purpose of this Administration to destroy that Government and institute one that had been deposed and destroyed, and this, in my judgment, is a part and parcel of that same effort. If Senators upon the other side of the Chamber want to go to the American people with it, the rebuke that they got in November will be but a passing shower to what they will get when the people get another lick at them.

Mr. President, I said the other day that no single act of this Administration cost it as many votes as the question concerning Hawaii has cost it, and I believe it—not even its financial policy, which has been a stench in the nostrils of the people. This has been more; it has been a decaying corpse and a stench everywhere.

Senators can not shield themselves under the pretense that this Administration has been trying to maintain a steady hand and be impartial. The evidence is too strong that the whole course of this Government has been with the worst element. I repeat, the evidence can not be disputed or denied that if the Queen had merely said, "I will only incarcerate these people in jail and not take their heads off," the Government of the United States would have been an active agent and participant in the rebellion against the established Government of those islands.

Mr. President, I have some feeling on this subject. I hate to see the American Senate debasing itself as I think it debases itself when it declares in favor of this great Government of ours refusing an expression of sympathy with a young Government struggling to better its condition. Although it may not be the highest type of an American Republic, it will compare favorably, Mr. President, with some American Republics called States in the last twenty years, both for the freedom of its citizens and the protection afforded them by law.

[At this point the honorable Senator was interrupted by the expiration of the morning hour.]

Wednesday, February 6, 1895.

Mr. TELLER. Mr. President, several days since, when a resolution offered by the Senator from Nebraska [Mr. ALLEN] was before the Senate, I addressed the Senate somewhat briefly upon the question presented by the resolution. I take advantage of the present occasion to complete what I was unable to complete then, being out off at the expiration of the morning hour by an objection which carried the resolution over, and there has been no opportunity since to present my views on the matter.

I laid down certain principles of international law which I thought to be unquestioned, which were rather sharply contested by the Senator from Missouri [Mr. VEST] and, as I understand, by the Senator from Delaware [Mr. GRAY]. I think, owing to the confusion in the Chamber at that time, I was misunderstood by some of the Senators as to the answer I made to the Senator from Missouri. The Senator from Missouri asked me this question:

Mr. VEST. Suppose that five hundred or fifty American citizens, recognizing their allegiance to the Government of the United States, are temporarily in Hawaii, that war becomes flagrant between the Government de facto and the citizens of that country, and the citizens of the United States see proper to volunteer as soldiers, or to obey the militia law, does the Senator seriously contend that this Government is bound to protect them when they have deliberately and voluntarily taken part in the war?

To that I then answered unhesitatingly, as I do now, in the affirmative. The Senator from Missouri then said:

Mr. VEST. Well, I deny that proposition.

Mr. TELLER. And that is international law, and the English recognized it during the last war.

Mr. VEST. We never recognized it.

Mr. TELLER. I will lay down the international law for the benefit of some Senators here who I think have not read it. When a man goes to a foreign country and domiciles himself there temporarily, he does not lose the right of American citizenship, nor does he gain citizenship under the flag of the country to which he goes. He has a right to be protected by that Government while he is there. If that Government fails to protect him, then his own Government can do it, and must do it.

Perhaps I should have said, instead of "must do it," "should do it," because, of course, there is no way to compel a government to protect its citizens; but it has been the policy of our Government to protect its citizens in every country to which they go unless by some misconduct on their part they have forfeited their right to Government protection. The Senator from Missouri seems to think that if they should perform military service in defense of an existing foreign Government they would thereby forfeit the right to protection by the American Government. The Senator evidently has confounded the duties of neutrals and belligerents; and he was thinking when his ideas ran in this direction of a case where two belligerent powers are contending. Then the neutral or the citizen there of another nation must keep his hands off as far as possible, and the Government must keep its hands off of him.

I want to repeat now that citizens of the United States going into a foreign country, domiciling themselves there temporarily, and not becoming citizens thereof, are subject to all the laws thereof, with reference to police duties, with reference to taxation, with reference to maintaining the Government against insurrections and ementes, and, in fact, with reference to everything, as I stated the other day, except the fact that they can not be put into the regular army of that country.

Mr. GRAY. Mr. President, I should like the Senator from Colorado, if he will, to explain a little further the proposition which he made the other day, and which he has just repeated, presumably from the notes of the reporter, that a citizen of the United States domiciled in a foreign country who enlists or is compelled by the laws applying to all residents to serve in the army of that foreign state is entitled to protection by the United States as against the power of the country in which he is domiciled if engaged in war. Is that the extent of his proposition?

Mr. TELLER. Yes, that was the extent of it, modified as I shall modify it in a moment.

Mr. GRAY. And it must go to that extent in order to meet the case made by the Senator from Missouri.

Mr. TELLER. No.

Mr. GRAY. Because the case made in reference to the Hawaiian Islands, it seems to me, if I recollect aright, is that a citizen of the United States who volunteers or otherwise lawfully engages in the army of an existing government should be protected in some way from the consequences of that enlistment as against the power of that government with which it was at war.

Mr. TELLER. I lay down this as the rule of international law, which can be supported by unquestioned authority, by our own Government and by other modern Governments, as well as by ancient international law. There need not be any mistake about what I mean and what the Senator from Missouri means, because the Senator inquires, when war becomes flagrant between a government de facto and the citizens of a country, not between belligerent nations, but an insurrection and revolution in that country, if people have gone from the United States and have been receiving the protection of the existing foreign government and shall assist in maintaining that government, whether that does not take them out of the category of citizens of the United States to such an extent that they can not be protected by the United States. To that I reply again, as I did before, that it does not. They can be protected not only against the Hawaiian Government, which receives their services, if that Government fails to protect them, but they can be protected, if the revolution should be successful, against any unfair and improper punishment on the part of the revolutionary government which succeeds.

Mr. GRAY. That is another proposition.

Mr. TELLER. It is not a crime for a citizen of the United States temporarily domiciled in a foreign country to assist in maintaining the integrity of the Government to which he owes a quasi allegiance. When I can get the proposition fairly before the Senate I shall attempt to bring the evidence to prove that that is international law.

Mr. VEST. Mr. President, the words I used in putting the question to the Senator—

Mr. TELLER. I have read the Senator's language just as the reporter gave it to me.

Mr. VEST. What I said was "when war becomes flagrant." I did not allude to the exertion of police power or the putting down of what the Senator calls an émeute or civil disturbance; but as I understand the Senator now he says international law goes to this extent: When there are armies in the field and when belligerents confront each other, although it may be the established Government de facto and a portion of its citizens, but who organize armies and who are belligerents de facto also, that in that case an American citizen can go in and assist one of these armies and receive a military commission—

Mr. TELLER. Oh, no; I have not said anything of the kind.

Mr. VEST. That is what I understood the Senator to say.

Mr. TELLER. An American citizen residing in such a country may assist what the Senator calls the de facto Government, the existing Government. He can not assist the other—the revolutionary Government.

Mr. VEST. I will call it the de facto Government. But suppose there is an army in the field which the citizens of that country have organized, at the head of which is a general, with subordinate officers, does the Senator mean that an American citizen domiciled there can go and join that army?

Mr. TELLER. I have distinctly stated that their exertions must be confined to maintaining the existing condition of things.

Mr. VEST. Then, if I understand the Senator, it depends upon which side the citizen takes.

Mr. TELLER. Entirely.

Mr. VEST. Mr. President, I deny that proposition. If the insurrection, the uprising, whatever you may term it, has assumed the proportion of entitling the parties to be called belligerents—we had the same question in the late civil war in this country—

Mr. TELLER. We did, and I shall show the Senator the action in that case.

Mr. VEST. At one time it was declared that the Confederate States were not belligerents. I recollect very distinctly an order that was made in the State of Missouri declaring that any Confederate—General Frémont issued the order—who was captured with arms in his hands should be executed immediately, that he was not entitled to the rights of a belligerent; but the Government at Washington saw the absurdity of that, immediately rescinded the order, and, I think, removed General Frémont from his command. Then the rights of belligerents were accorded to the Confederate States, and they had all the rights which the citizens of an established Government had so far as their military proceedings were concerned.

Mr. TELLER. Mr. President, if I may be allowed to go on and discuss a legal proposition without too many other Senators expressing their legal opinions until I get through, it will be a great deal pleasanter for me, and I think quite as well for them.

There can not be any mistake about my proposition of law. In the first place, every citizen who goes to a foreign country owes allegiance to that country. Of course, he must obey its laws; he must submit to certain embarrassments that follow any existing order of things in an established Government; he must bear the burdens of society as the people do who live there, unless by treaty he is exempt therefrom. I stated the other day that the Government in which he lived would exact from him everything practically that it could of its own citizens in the absence of a treaty, except that it could not put him into the permanent military force of that country. I know Vattel says that a foreigner can not be put into the military force of the country in which he is temporarily residing; but the authorities are unquestioned that he may be put into the militia of the country. The Senator from Missouri imagines one thing when he gets on his feet to-day, and a different thing from what he imagined the other day. He did not suggest the other day that citizens of the United States should take part in a rebellion against an existing order of things, but they were to assist in maintaining the existing order, that is to the extent of joining the militia or doing police duties and the like.

I say that the citizen who complies with the demands made upon him in that particular has not forfeited his right to the protection of the Government where he is temporarily residing, nor of his own, because he can not forfeit either without some violation either of the laws of the country where he is or the laws of the country from which he came.

I hope I make myself distinctly understood, that if a citizen of the United States in a foreign country shall join a revolutionary movement against the existing Government, he has not only committed a crime against his own country—because he has no right to join such a movement; he has no right to lift his hand against a Government with which we are at amity—but he has committed a crime against that foreign Government. Thus he is without the protection of either government. But there is a wide distinction, as the Senator must see, between a citizen domiciled in a country assisting to maintain order and peace, and engaging in revolutionary movements against the government, and it does not make any difference how flagrant war may be, whether it is a big war or a little war, it is the same thing. What I complained of the other day was that this declaration of the Secretary of the Navy went beyond any recognized international law in this, that it said:

An American citizen who during a revolution or insurrection in a foreign country participates in an attempt by force of arms or violence to maintain or overthrow the existing government—

"To maintain or overthrow." One part of his proposition is that the man intends to overthrow, and the other part is that he maintains the existing Government. I desire to call the attention of the Senate to some authorities upon this subject. I will say that a foreign country in which American citizens are domiciled has the right to call on them for certain things, and I find Vattel lays down this rule, speaking of foreigners:

If a nation has a pressing want of the ships, wagons, horses, or even the personal labor of foreigners, she may make use of them, either by free consent or by force.

I do not believe that the Senator from Missouri can find any recognized writer on international law who will dispute that proposition.

I am not left with Vattel alone. The same doctrine is laid down by nearly every writer on international law. I will cite authority to show that we ourselves recognize that doctrine as international law. It does not make any difference, if we so recognize it, whether other nations do or not; it then becomes the law in this country.

Mr. CAFFERY. Will the Senator permit me to ask him a question?

The PRESIDING OFFICER (Mr. PLATT in the chair). Does the Senator from Colorado yield to the Senator from Louisiana?

Mr. TELLER. I will yield, although I should very much prefer to present my authorities in support of my statement.

Mr. CAFFERY. I simply desire to inquire whether Vattel uses the language cited in connection with a case of flagrant war or a mere éménté?

Mr. TELLER. He refers to war. He does not say whether or not it is flagrant war. There is no distinction between flagrant war and war. War is always flagrant.

In support of the declaration I have made that an American citizen does not put off his citizenship—for that is what the contention amounts to—when he goes to a foreign country unless he does some act inconsistent with that citizenship, I wish to call the attention of the Senate to Wharton's Digest, volume 2, page 466. This is the doctrine as laid down by the Secretary of State—Mr. Evarts, I think, being Secretary of State at that time:

The Department holds that for a native American to put off his national character he should put on another. Continued residence of a native American abroad is not expatriation, unless he performs acts inconsistent with his American nationality and consistent only with the formal acquirement of another nationality, and the same rule holds equally good in the case of a naturalized citizen of the United States who may reside abroad elsewhere than in the country of his original allegiance. Existing statutes confirm the principle by providing that citizenship shall flow to the children of American citizens born abroad, the birthright ceasing only with the grandchildren whose fathers have never resided in the United States. Foreign residence, even for two generations, is, therefore, not necessarily expatriation, in the sense of renouncing original allegiance, nor is it necessarily repatriation unless through the conflict of laws of the respective countries and the conclusion of conventional agreements between them.

From the same work I read:

To effect expatriation there must be not only a renunciation of citizenship of the United States, but actual removal for some lawful purpose, and the acquisition of a domicile elsewhere.

That is a decision of the Supreme Court of the United States.

I find also—

Mr. GRAY. From what page does the Senator read?

Mr. TELLER. I have been reading from page 372. I now read from page 373, the whole of the dispatch of Mr. Frelinghuysen to our minister, Mr. Comly, at the Sandwich Islands, of the date of July 1, 1882:

Your dispatch of the 5th ultimo relative to the case of Mr. Peter Cushman Jones, an American citizen resident in Honolulu, has been received.

Mr. Jones, as it appears from his letter to you of the 26th of May, a copy of which you inclose, was born in Boston, Mass., in 1837, and in 1857 took up his residence in the Hawaiian Kingdom, entering into mercantile pursuits there as a domiciled American citizen. Becoming the owner of a merchant vessel there under the Hawaiian flag, it became necessary for him, in order to the maintenance of his rights in that Kingdom, to take an oath of allegiance to the sovereign of the islands. The form of the oath is set out in Mr. Jones's letter thus:

"The undersigned, a native of the United States of America, being duly sworn, upon his oath declares that he will support the constitution and laws of the Hawaiian Islands, and bear true allegiance to His Majesty Kamehameha IV."

Your inquiry is as to what effect this proceeding may have upon the status of Mr. Jones's American citizenship.

It must be remembered that Mr. Jones had been living for many years in those islands.

In becoming a citizen of the United States the law requires that an alien shall not only swear to support the Constitution and laws of this country, but also to renounce all other allegiance, and especially that of the country of which he may be then a subject or citizen. In the oath taken by Mr. Jones there is no such express renunciation of his American citizenship, nor do the circumstances manifest any intention on his part to expatriate himself.

It may, however, at some future time, become a question for judicial investigation in his case.

The doctrine of the executive branch of the Government on this subject is thus expressed by the Attorney-General: "To constitute expatriation there must be an actual removal, followed by foreign residence, accompanied by authentic renunciation of preexisting citizenship" (8 Op., 139), and this view finds support in some judicial decisions (Juando vs. Taylor, 2 Paine, 632).

In the absence of a direct judicial determination of the question, I do not feel disposed to deny to Mr. Jones any right or privilege pertaining to his character of American citizenship, and therefore, while the Department will not undertake to express an authoritative opinion on the effect which his course in Hawaii may ultimately have on his status in that regard, you are authorized to extend to him such protection as may be properly due to a citizen of the United States residing in and having acquired a commercial domicile in a foreign state. This protection must, of course, be limited and qualified by the liabilities and obligations incident to such commercial domicile.

Now I read from that very distinguished lawyer and former Secretary of State, Mr. Marcy, in the Koszta affair.

Mr. GRAY. Will the Senator from Colorado give me the page?

Mr. TELLER. Page 493 of the same volume of Wharton.

Speaking of residence, he says:

It gives the national character of the country not only to native-born and naturalized citizens, but to all residents in it who are there with, or even without, an intention to become citizens, provided they have a domicile therein. Foreigners may, and often do, acquire a domicile in a country, even though they have entered it with the avowed intention not to become naturalized citizens but to return to their native land at some remote or uncertain period; and, whenever they acquire a domicile, international law at once impresses upon them the national character of the country of that domicile. It is a maxim of international law that domicile confers a national character; it does not allow anyone who has a domicile to decline the national character thus conferred; it forces it upon him, often very much against his will and to his great detriment. International law looks only to the national character in determining what country has a right to protect. If a person goes

from this country abroad, with the nationality of the United States, this law enjoins upon other nations to respect him in regard to protection as an American citizen.

I skip a little. He goes on then to define what domicile may be. That is not at all necessary to what I am discussing. Then he proceeds:

This right to protect persons having a domicile, though not native-born or naturalized citizens, rests on the firm foundation of justice, and the claim to be protected is earned by considerations which the protecting power is not at liberty to disregard. Such domiciled citizen pays the same price for his protection as native-born or naturalized citizens pay for theirs. He is under the bonds of allegiance to the country of his residence, and if he breaks them incurs the same penalties; he owes the same obedience to the civil laws, and must discharge the duties they impose on him; his property is in the same way and to the same extent as theirs liable to contribute to the support of the Government.

I call the attention of Senators who question this proposition to the following statement:

In war he shares equally with them in the calamities which may befall the country; his services may be required for its defense; his life may be periled and sacrificed in maintaining its rights and vindicating its honor.

Mr. WHITE. Will the Senator from Colorado yield for a question?

Mr. TELLER. Certainly.

Mr. WHITE. I ask the Senator from Colorado whether it is not true in the case of Hawaii that by treaty American residents are exempted from all military service? Hence they owe no duty of that character to the Hawaiian Government, and any action that they may take in the premises must necessarily therefore be purely voluntary.

Mr. TELLER. Suppose it is voluntary. That is what I claim, that it is voluntary. Of course nobody would contend that if a foreign Government had forced a citizen into its army that that would excuse the Government of the United States from protecting him.

Mr. WHITE. If the Senator from Colorado will excuse and permit me to ask a question I will propound this: Suppose that the service of the resident American is voluntary and that he enters into the Hawaiian service; will it then become the duty of the Government of the United States to see that nobody hurts him while he is serving under arms?

Mr. TELLER. Oh, the Senator from California is not serious when he asks that question.

Mr. WHITE. That is the logical result.

Mr. TELLER. Oh, no; the Senator is not serious when he asks a question of that character.

Mr. WHITE. I should like to have the Senator from Colorado answer it.

Mr. TELLER. I will finish reading the law and then I will reply to the question. It is not exactly right to break into a legal proposition until it is concluded, but in this body we submit to all sorts of interruptions. I suppose the Senator from California thought I was through.

Mr. WHITE. I desire to say that I certainly should not have interrupted the Senator from Colorado without his permission.

Mr. TELLER. In this body one can not very well decline to be interrupted.

Mr. WHITE. The Senator can always do so in my case.

Mr. TELLER. I will continue this paragraph, in the reading of which the Senator from California unwittingly interrupted me.

In nearly all respects his and their condition as to the duties and burdens of Government are undistinguishable; and what reasons can be given why, so far at least as regards protection to person and property abroad as well as at home, his rights should not be coextensive with the rights of native-born or naturalized citizens. By the law of nations they have the same nationality; and what right has any foreign power, for the purpose of making distinction between them, to look behind the character given them by that code which regulates national intercourse? When the law of nations determines the nationality of any man, foreign governments are bound to respect its decision.

Now, I will answer the question of the Senator from California, if he is really in earnest about it and thinks I ought to do so. For instance, we have a treaty with China which provides that our citizens there shall be free from the ordinary obligations of international law in this respect. I think we have a similar treaty with Japan and some other nations. If China, there being war there, or if Japan, it being at war with China, were to seize a citizen of the United States and put him into its army and then let him suffer harm by being exposed to shot, the Government that forced him into its service contrary to the treaty would be compelled to respond to our Government, unless our Government were very derelict in the matter. But if, on the other hand, the law does not compel him to go into the service, and he goes in, then of course for any misfortune that befalls him in war the Government of the United States is not responsible. But having performed that duty to the Government of Japan or China, if the Government ceases to afford him the protection that his residence there demands, then the Government of the United States ought to interfere, although he may have been in the service of that country. That is the law as I lay it down.

Mr. WHITE. Will the Senator from Colorado permit an interruption?

Mr. TELLER. Certainly.

Mr. WHITE. The Senator from Colorado misunderstood me. I did not refer to the action of a person who is forced into service in a foreign land. As I understood the Senator's argument made the other day, which he is now fortifying, he contended that if a citizen of the United States enters the military service of Hawaii and thereby comes into peril, it is in some way the duty of the United States to shield him from any disaster with which he may be threatened because of that voluntary service.

Mr. TELLER. I have never made any such suggestion to anybody at any time or under any circumstances.

Mr. WHITE. That was the suggestion made here the other day.

Mr. TELLER. When we talk about the protection a person is entitled to, it is protection against the Government which exists and against an insurrection which may arise. It is not, however, protection against the natural consequences of his own act when he enters into the army. He takes the chances of being shot by the enemy.

Mr. WHITE. That is my understanding also. I did not so understand the Senator from Colorado, however.

Mr. TELLER. The Senator from California is right about that matter. I did not say what he thinks I did. There is nothing in my remarks to justify the Senator in concluding that I so supposed.

Now I wish to come down to the precise matter with a little exactness. If Senators who challenge this proposition will give me their attention, I will cite a modern case. I have a great number of cases which I do not intend to cite. I do not care to go into any lengthy discussion. I simply enunciated what I thought were well-established principles of international law. They were challenged. Like every other lawyer when his law is challenged, I am a little sensitive about it and want to fortify myself. I think the profession generally is in that condition. I may, perhaps, have been a little more sensitive about this than about some other propositions of law, because I have given a good deal of attention to the question.

I will premise an extract I am about to read by saying that, by the act of March 3, 1863, we put foreigners into our Army under certain conditions. The Government of Great Britain and some other Governments protested against that act. It seemed to be very far-reaching and practically to invade the well-established principles of international law, probably. Our Government then said that any person who had not, by his residence and by conduct here, abandoned his citizenship of the country from which he came might have sixty-five days to renounce his foreign citizenship or depart from the United States. After that the question became one of diplomatic interest between the United States and Great Britain. I will read from Halleck's International Law, as quoted on page 502 of Wharton's Digest, volume 2, which I think the Senator from Delaware [Mr. GRAY] has before him:

In 1861, during the American civil war, the British Government declared that if enforced enlistments of British subjects for the war were persisted in, the Government would be obliged to concert with other neutral powers for the protection of their respective subjects; but neither in the Northern or Southern States was the discharge of any British subject enlisted against his will refused on proper representation.

They could not be so enlisted by international law because, as was said by the Senator from Missouri, the Confederate States were recognized as having belligerent rights. They were a quasi nation so far as concerns the rule of international law as to neutrals.

There is no international law prohibiting the Government of any country from requiring aliens to serve in the militia or police, yet at the above-mentioned date the British Government intimated that if the United States permitted no alternative of providing substitutes, the position of British subjects to be embodied in that militia "would call for every exertion being made in their favor on the part of Her Majesty's Government." The British Government in 1863 informed Mr. Stuart that as a general principle of international law neutral aliens ought not to be compelled to perform any military service (i. e., working in trenches), but that allowance might be made for the conduct of authorities in cities under martial law and in daily peril of the enemy; and in 1864 the British Government saw no reason to interfere in the case of neutral foreigners directed to be enrolled as a local police for New Orleans.

That is from the second volume of Halleck's International Law, as cited in Wharton's Digest. It is the same as in Halleck, but this is the more convenient form to refer to it. On page 506 I find the following:

A resident alien, who has not renounced his native allegiance, is not liable for military service; but it is otherwise if he has, by exercising suffrage under State law or otherwise, renounced such allegiance, even though he was not naturalized.

That of course must apply to the rule which I laid down before; that is, to the permanent military service of the country. He can not be forced into it. I find on page 507 what I shall now read. Mr. Fish, the Secretary of State, to Mr. Williamson, June 13, 1876:

The fact that a resident of Chile is a citizen of the United States does not, where there is no treaty stipulations covering his case, exempt him from service in a civic guard in which all residents are by law required to serve.

Every person who voluntarily brings himself within the jurisdiction of

the country, whether permanently or temporarily, is subject to the operation of its laws, whether he be a citizen or a mere resident, so long as, in the case of the alien resident, no treaty stipulation or principle of international law is contravened.—Mr. Blaine, Secretary of State, to Mr. O'Connor, November 23, 1881.

Aliens domiciled in the United States owe to the Government a local and temporary allegiance, which continues during the period of their residence, and for the violation of which they may become liable to prosecution for treason, just as a citizen. (Carlisle vs. United States, 16 Wall., 147.)

A resident alien owes such obedience to the laws of the country in which he resides, whether municipal or military, as a citizen. Where one resident in New Orleans transmits money across the lines to an agent to buy cotton no valid title is acquired. (Queyrouse's Case, 7 C. Cls., 402.)

Mr. Seward said to Mr. Asboth, March 27, 1867:

In the absence of treaties, citizens of the United States who have been and are remaining domiciled in foreign countries could (can) not be exempt from certain common obligations of citizens of those countries to pay taxes and perform duties imposed for the preservation of public order and the maintenance of the Government. But this may be modified by treaty.

I find on page 509 the following:

A foreigner can not say that he is not bound to obey the laws of the State where he is sojourning.

Mr. President, I do not intend to go at great length into this discussion. I wish to call the attention of the Senate to the construction given by Secretary Bayard as to the protection of American property on those islands. July 12, 1887, Secretary Bayard wrote as follows:

In the absence of any detailed information from you of the late disorders in the domestic control of Hawaii and the changes which have taken place in the official corps of that Government, I am not able to give you other than general instructions, which may be communicated in substance to the commander of vessel or vessels of this Government in the waters of Hawaii, with whom you will freely confer, in order that such prompt and efficient action may be taken as the circumstances may make necessary.

While we abstain from interference with the domestic affairs of Hawaii, in accordance with the policy and practice of this Government, yet obstruction to the channels of legitimate commerce under existing law must not be allowed and American citizens in Hawaii must be protected in their persons and property by the representatives of their country's law and power, and no internal discord must be suffered to impair them.

Your own aid and counsel, as well as the assistance of the officers of the Government vessels, if found necessary, will therefore be promptly afforded to promote the reign of law and respect for orderly government in Hawaii.

That is a declaration by Mr. Bayard that these men could maintain the existing order of things; not only that our troops could do it, but that citizens who are there could do it. I repeat, it is the duty of every citizen domiciled in a country to defend the existing order of things, and I am glad the Senator from Delaware [Mr. GRAY] approves of that proposition. It would be monstrous to say that people can go into a country and have the benefit of its protection, and then, in a sudden revolution, when the Government called upon them to discharge those duties, the citizens of the country who were called upon to discharge them should say, in the absence of a treaty to excuse them from it, that they were not under any obligation so to do.

There might be a distinction made between a controversy with an existing Government in the island of Hawaii and another nation. That might place us in a very embarrassing position if our citizens domiciled there should take part in it. Yet, if there was a war going on between Hawaii and Japan, as I understand international law, the people domiciled there could be put to work on the fortifications, they could be put into any of the ordinary service of protecting a town that is assailed, and the only limit upon their service in behalf of the Government where they live, no matter who its assailant may be, is that in the permanent army of the country they shall not be incorporated. They have the privilege of getting out of the country if they do not want to do the temporary service of which I have spoken.

I stated the other day what I understood to be the reason for that provision of law, that it is supposed when you put men in the permanent army of the country you put them there for some considerable time. Thus a citizen of the United States drafted into the British army might, under some circumstances, be compelled to fight against his own flag. For that reason the international law said that they should not be put permanently in the army.

I understand, I repeat, that the citizens of the United States have the right to assist in maintaining that Government. More than that, Mr. President, it is a duty that they owe to the Government that they should. More than that, it is a duty that they owe to the Government that has protected them and given them the opportunities of trade and commerce that they should. And yet the Secretary of the Navy tells us that if they shall insist in maintaining peace they will forfeit all rights to the protection of the American flag. Mr. President, that is not the law of this land; it is not the law of the world.

A great deal has been said about that country by the Senator from Texas [Mr. MILLS] and other Senators who have discussed this question and the character of their Government. They say it is not a Republic. The Senator from Mississippi [Mr. GEORGE] and the Senator from Texas [Mr. MILLS] spent some time to

prove that it was not a Republic. It may not be, as I said the other day, the highest type of a republic. It is certainly not a monarchical government. It is certainly a great improvement on the old Government. But it is a Republic, and it is as much a Republic as any Republic that ever was organized in the world, considering the length of time since it has been organized, two years. It was said there has been no vote, and the people have not had a voice in it.

The French republican Government did not submit to the people the approval or disapproval of that Government for, as I recollect, nearly five years, and yet we recognized it with great promptness, and declared our sympathy with it and our gratification that they had become a Republic years before they submitted the question to the French people.

Mr. President, changes of government are made by war and revolution. I repeat, there never was a republic established by taking the will of the people by vote in the first instance. If you make that a *sine qua non* you can never have a republic. Nearly, if not all, republics are, like all radical changes of government, born in the throes of war. Mr. President, Hawaii has been recognized as a Republic by the United States and by this Administration. Our minister recognizes it as a Republic and calls it a Republic. The President of the United States recognizes it as a Republic. I have here an extract from the Hawaiian Star of August 27, 1894. I will read the whole of it; it is not very long:

At 11 o'clock this morning United States Minister Albert S. Willis drove to the Government Building. He was met at the door by Major Potter and conducted to the President's room, where the cabinet was in session. Besides the President and his cabinet, Hon. L. A. Thurston, Hawaiian minister to the United States, was present.

When the United States minister entered the executive chamber a hint of something equal, at least, to gratification rested on his face and told plainly that his mission was more in keeping with the nature of things and the relationship of the two countries most interested than upon a former visit in December last.

Addressing the President, Minister Willis said:

"Mr. President: The right of the people of the Hawaiian Islands to establish their own form of Government has been formally acknowledged both by the executive and legislative departments of the United States.

"It seemed therefore, so far as I, the diplomatic agent, had the right, to extend recognition to the Republic of Hawaii, it having been created under the forms of law and existing without effective opposition.

"The action thus taken has, I am glad to state, been fully approved by the proper authorities at Washington. As the highest evidence of that fact I have received an autograph letter from the President of the United States addressed to you, as the President of this Republic.

"In delivering this letter, as instructed, permit me to join in its friendly sentiments and to express the hope that, through the Government now inaugurated, peace, prosperity, and happiness will be secured to all the people of these islands."

The letter from President Cleveland was read, as follows:

GROVER CLEVELAND, *President of the United States, to His Excellency SANFORD B. DOLE, President of the Republic of Hawaii.*

GREAT AND GOOD FRIEND: I have received your letter of the 7th ultimo, by which you announce the establishment and proclamation of the Republic of Hawaii on the Fourth day of July, 1894, and your assumption of the office of President with all the formalities prescribed by the constitution thereof.

I cordially reciprocate the sentiments you express for the continuance of the friendly relations which have existed between the United States and the Hawaiian Islands, and assure you of my best wishes for your personal prosperity.

Written at Washington the 7th day of August, 1894.

Your good friend,

GROVER CLEVELAND.

By the President,

W. Q. GRESHAM, *Secretary of State.*

Replying to the remarks of Minister Willis, President Dole said:

MR. MINISTER: It is with sincere gratification that I have received the information that the President of the United States has confirmed the recognition so promptly extended by your excellency to the Republic of Hawaii.

Permit me on behalf of the Hawaiian people to reciprocate the friendly sentiments expressed by you toward this Government and to assure you of our desire that relations of comity and of commercial intercourse which shall be mutually advantageous may ever exist between the two countries.

Mr. President, I do not think that I need to spend any time in discussing whether Hawaii is a republic or not. There is the official seal of the President of the United States, who has the right to determine that question, that it is a republic. I repeat, it may not be the best republic, according to our ideas, but it is a republic in the family of republics of the world. It is an improvement on the old Government, and if it is not as good as it ought to be, undoubtedly it will be made better in time by the people themselves.

Now, Mr. President, I wish to say a word or two about what I think is a very mistaken notion as to the duty of the Government of the United States in matters of this kind. I regret exceedingly to see on the other side of the Chamber a disposition to insist that when a people struggle from a monarchical to a republican form of government, or from a government of absolute or even qualified monarchical power to a better and freer one, we can not express our sympathies. It is contrary to the entire history and to the entire traditions of this Government of ours. On every occasion whenever a government has been organized that was liberal in character we have announced our sympathy and our support. When the Mexican Government was in danger of the attack of European powers we did not hesitate to say we objected to the

French and the Austrians being in Mexico. We said it in the most pronounced manner possible, and said it at a time when most nations would have supposed we had our hands full, when we had the greatest civil war that was ever inflicted upon any nation in the world to contend with. Mr. Seward made a protest.

Mr. Seward, in his letter to Montholon of December 6, 1865, does not place his objections to French interference in Mexico on the ground of the Monroe doctrine, but on the ground that "the people of every state on the American continent have a right to secure for themselves a republican Government if they choose, and that interference by foreign states to prevent the enjoyment of such institutions deliberately established is wrongful, and in its effect antagonistical to the free and popular form of government existing in the United States."

On April 4, 1864, it was resolved without dissent by the House of Representatives that "the Congress of the United States are unwilling by silence to have the nations of the world under the impression that they are indifferent spectators of the deplorable events now transpiring in the Republic of Mexico, and that they think fit to declare that it does not accord with the policy of the United States to acknowledge any monarchical Government erected on the ruins of any republican Government in America under the auspices of any European power."

Mr. Seward said in the same dispatch that I have read from before:

We recognize the right of sovereign nations to carry on war with each other if they do not invade our right, or menace our safety or just influence. The real cause of our national discontent is that the French army which is now in Mexico is invading a domestic republican Government there, which was established by her people, and with whom the United States sympathize most profoundly, for the avowed purpose of suppressing it, and establishing upon its ruins a foreign monarchical Government, whose presence there, so long as it should endure, could not but be regarded by the people of the United States as injurious and menacing to their own chosen and endeared republican institutions. * * *

On April 6, 1866, Mr. Motley was instructed by Mr. Seward to state to the Austrian Government "that in the event of hostilities being carried on thereafter in Mexico by Austrian subjects, under the command or with the sanction of the Government of Vienna, the United States will feel themselves at liberty to regard those hostilities as constituting a state of war by Austria against the Republic of Mexico; and in regard to such war, waged at this time and under existing circumstances, the United States could not engage to remain as silent and neutral spectators."

It was declarations of that character that forced the Austrian and French Governments out of Mexico.

The President of the United States sent an agent over to determine what was the character of the revolution in Hungary. Against that the Government of Austria protested, and there was a long diplomatic correspondence in reference to it. I think it would be well for some Senators who think the United States should be without sympathy, power, or influence in these matters to read Mr. Webster's letter of the 21st of December, 1850. This was after Mr. Taylor's death, when Mr. Webster was defending the conduct of the former administration, the former Secretary who had gone out of office, the President having died. Mr. Webster said:

The undersigned will first observe that the President is persuaded His Majesty the Emperor of Austria does not think that the Government of the United States ought to view with unconcern the extraordinary events which have occurred, not only in his dominions, but in many other parts of Europe, since February, 1848. The Government and people of the United States, like other intelligent Governments and communities, take a lively interest in the movements and the events of this remarkable age, in whatever part of the world they may be exhibited. But the interest taken by the United States in these events has not proceeded from any disposition to depart from that neutrality toward foreign powers which is among the deepest principles and the most cherished traditions of the political history of the Union. It has been the necessary effect of the unexampled character of the events themselves, which could not fail to arrest the attention of the contemporary world, as they will doubtless fill a memorable page in history. But the undersigned goes further, and freely admits that in proportion as these extraordinary events appeared to have their origin in those great ideas of responsible and popular governments, on which the American constitutions themselves are wholly founded, they could not but command the warm sympathy of the people of this country.

Now, we are told that we must not express any sympathy with a struggling nation; that that is incompatible with the strict neutrality which is spoken of, as if it meant we were to smother all our sympathy and all our hopes and aspirations for those people. Mr. Webster goes on at great length. He says in another place:

But when the United States behold the people of foreign countries, without any such interference, spontaneously moving toward the adoption of institutions like their own, it surely can not be expected of them to remain wholly indifferent spectators.

Certainly the United States may be pardoned, even by those who profess adherence to the principles of absolute Governments, if they entertain an ardent affection for those popular forms of political organization which have so rapidly advanced their own prosperity and happiness, and enabled them, in so short a period, to bring their country and the hemisphere to which it belongs to the notice and respectful regard, not to say the admiration, of the civilized world. Nevertheless, the United States have abstained, at all times, from acts of interference with the political changes of Europe. They can not, however, fail to cherish always a lively interest in the fortunes of nations

struggling for institutions like their own. But this sympathy, so far from being necessarily a hostile feeling toward any of the parties to these great national struggles, is quite consistent with amicable relations with them all. The Hungarian people are three or four times as numerous as the inhabitants of these United States were when the American revolution broke out. They possess, in a distinct language, and in other respects, important elements of a separate nationality, which the Anglo-Saxon race in this country did not possess; and if the United States wish success to countries contending for popular constitutions and national independence, it is only because they regard such constitutions and such national independence not as imaginary but as real blessings.

The Government of Austria had said that the agent of the Government who went to Hungary was a spy. Mr. Webster treated that subject at some length. They had said they might have treated him as a spy, and I will read what Mr. Webster says would have happened if they had treated him as a spy. I read it not because it bears upon this simple question but because it shows what has heretofore been the attitude of the Government when the Government of the United States asserted itself as a great power. Mr. Webster said:

Had the Imperial Government of Austria subjected Mr. Mann to the treatment of a spy, it would have placed itself without the pale of civilization, and the cabinet of Vienna may be assured that if it had carried, or attempted to carry, any such lawless purpose into effect in the case of an authorized agent of this Government the spirit of the people of this country would have demanded immediate hostilities to be waged by the utmost exertion of the power of the Republic—military and naval.

The undersigned reasserts to Mr. Hulemann and to the cabinet of Vienna, and in the presence of the world, that the steps taken by President Taylor, now protested against by the Austrian Government, were warranted by the law of nations and agreeable to the usages of civilized states.

Mr. President, there is a ring in that utterance which I believe every American likes to hear, and I am sorry to say that we have not heard so much of it of late, it seems to me, as we should have heard.

I said not long since, when on the floor discussing this question, that I did not claim that the Democratic party was an un-American party. I claimed that it was an American party, as is our party. Mr. President, the great body of the American people are animated by true American principles and sentiments; they are attached to the Government under which they live; they are attached to our form of government; they are proud of the prestige which this Government has obtained; they are proud of its position amongst the nations of the world, and they are not afraid that we shall embarrass ourselves by expressing sympathy with the struggling people of Hawaii or those of any other land who shall attempt to overthrow a bad government and establish a better.

I shall not bring into this discussion the question of annexation. I am an annexationist; I believe in annexation, and I believe in it because I regard it to be the destiny of this nation to become not only great on this continent but great everywhere else.

I have said before that I imbibed my ideas in the Democratic party; I imbibed them from such great men as Mr. Marcy; I imbibed them from the writings of Mr. Jefferson and Mr. Calhoun; I imbibed them from Mr. Polk.

Mr. President, there never has been a time, until Grover Cleveland became President of the United States, that a Democratic Administration has not been American from the ground up. It was the glory and the boast of the Democratic party before the war that they were the American party, and they brought into their fold hundreds and thousands of intelligent young men who went to it because of its aggressive force, because it was a virile party, a party of strength, a party of movement, a party of aggression. Mr. President, has that party become so effete and so cowardly that we are not to be allowed to express sympathy with the struggling Hawaiians nor to put out our hand to maintain there the order which should exist?

I remember when Mr. Jefferson declared it would round out his public life if he could but attach Cuba to the United States as part and parcel of our Republic. I remember when Mr. Polk proposed, not under the Monroe doctrine, but independent of the Monroe doctrine, that the Government of the United States should take Yucatan, fly its flag over it, and defy the world, and that, too, at a time when it was supposed Great Britain, in violation of the Monroe doctrine, was about to obtain some control over that country.

The Democratic party to-day, Mr. President, may be a party which proposes to confine our flag to the mainland; but if it does so it is false to the traditions of that party and it is not in consonance with the sentiment of the American people.

The Senator from Texas [Mr. MILLS] the other day complained of the treaty we had made concerning the Samoan Islands. I condemn that treaty as much as does the Senator from Texas. It is a treaty we never ought to have made. The United States never ought to be a copartner with any other nation in flying its flag or in controlling any other people. Those islands were offered to us and we could have had them by accepting, but we declined. The same sentiment which dictated declining to take those beautiful islands in the Pacific Ocean when they were offered then prevailed in this Chamber. We could have taken in Samoa and made it a great stopping place for our commerce, and that, too, without

any entangling alliance such as we have got into with Germany and Great Britain. We should have had a valuable acquisition if we had taken them and floated our flag, and our flag alone, over them. We were offered islands in the West Indies, which we ought to have taken, but which we declined. We can see now that we ought to have taken San Domingo and St. Thomas.

The Government of the United States, second in population now of all the great nations of the world, Russia only being superior—I do not, of course, include the great hordes who are held in semi-vassalage under British control—but we are the greatest nation in the world composed of homogeneous people. There is no other nation in the world which has 70,000,000 people all of whom use the same language and who are so harmonious as are ours. There is no nation in the world which has such unbounded resources and whose future promises so much as ours. Why should we be the unconcerned spectators of the affairs of the world? Why should not we, sitting here as we do in the middle of the North American Continent, have our part and our proper influence in the affairs of the world? If benefit can come by national control over other lands we are entitled to it, and if danger may come because of it, Mr. President, there are no people in the world who can look that danger so squarely in the face with so little fear.

I am ashamed when I hear a man say as to these islands, which give us 90 per cent of their trade, which are seated in the center of the great Pacific sea, where our whalers and our vessels of trade must stop as they go to and fro, that it will be dangerous for us to fly our flag over them. Oh, Mr. President, for an hour of Democratic vigor such as we had under Marcy, for such a foreign policy as we had under Webster, and such as we had under Fish, Evarts, and Blaine. The question is, is it our interest to take the Sandwich Islands and attach them to our country, or shall we allow some other power to float its flag there? Nobody here or elsewhere in the United States will for a moment admit that that is a possible thing; and if it is not possible that any other country shall control those islands, why not we? They have been offered to us as a gift from the people; they are of great value; they have a trade greater in proportion to the population than any other country in the world. Some of them are capable of maintaining a vast population beyond what they now have, and they are absolutely necessary to the commerce of this country, and, especially so, if we shall ever build the interoceanic canal. They are important for the protection of our Pacific Coast.

What stands in the way of their acquisition? There is no other nation in the world which dare object to our taking them; not even Great Britain. We can, without disturbing the peace of the world, take them and hold them either as provinces or incorporate them into the autonomy of the States. The first step toward their acquisition was taken, and yet, I regret to say, as I have said before, that I believe nothing but partisanship prevented those islands from becoming a part and parcel of the United States.

Mr. President, I will predict that the next Administration, no matter whether it may call itself Democratic, Republican, or Populist, will see that those islands are a part and parcel of the United States, not necessarily incorporated as a State, but that the flag of the United States shall float over them, not as a stranger flag, but as the flag of the people who live there.

Pacific Railroads.

SPEECH

OF

HON. ASHER G. CARUTH,

OF KENTUCKY,

IN THE HOUSE OF REPRESENTATIVES,

Friday, February 1, 1895.

The House being in Committee of the Whole, and having under consideration the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned—

Mr. CARUTH said:

Mr. CHAIRMAN: I entered this body as a member of the Fiftieth Congress. At that time the results of an investigation made by a Commission, appointed under the act of 1887, were submitted to the House of Representatives, accompanied by a special message from the President of the United States. That message submitted the reports of the majority and minority of the Commission, and the President then urged upon the Congress the speedy settlement of the debt of the railroads to the Government of the United States.

When I entered that Congress I requested of the Speaker of that House no particular committee assignment, feeling myself willing to discharge any duty which might be assigned to me. I was surprised, therefore, when, in the announcement of the committees for the Fiftieth Congress, I was placed upon that having in charge the settlement of the debts of the Pacific railroads to the Government of the United States.

Over that committee the distinguished gentleman from Ohio [Mr. JOSEPH H. OUTHWAITE] presided as chairman. I believe to-day I am the only member now on the Committee on Pacific Railroads who served on that committee during that Congress. I entered upon the discharge of my duty on the committee, Mr. Chairman, with the desire to right the wrongs that I felt had been committed against the Government of the United States and to do all I could to bring about a satisfactory solution of the difficulties then presented.

I was fresh from the prosecution of criminal cases in the courts, and felt that I would like to take a hand in the prosecution of those people who were said to have plundered the Government of the United States and committed high crimes and misdemeanors against the people. I entered upon the discharge of the duties with the desire that out of the investigations then and there commenced there should be brought forth some good for the Government. No man arrived more reluctantly at the conclusion reached in the Fiftieth Congress than I did. I had to abandon my preconceived ideas and to give my adherence to the measure proposed at that session of Congress. And I desire to say now, Mr. Chairman, that the Committee on the Pacific Railroads in the Fiftieth Congress had many hearings. They had witnesses brought before them from all parts of the country. They heard long and learned arguments upon the subject; and when they finally went into executive session for the purpose of arriving at some conclusion it was the unanimous voice of that committee that the measure known then as the Outhwaite bill should be presented to the House and its adoption urged upon the Congress.

The failure of that bill is known to the members of this House. It was considered in the morning hour. An eloquent speech was made in its behalf by the chairman of the committee [Mr. OUTHWAITE], and a learned and convincing argument was delivered by the gentleman from Pennsylvania [Mr. DALZELL] in support of that measure. It was a measure of relief such as we then thought the circumstances of the case demanded. It was an extension of the lien of the Government to all the property of the Union Pacific Railroad, and in consideration of the security given a long extension of the bonds was provided for. We did not report concerning the debt of the Central Pacific Railroad to the country.

Now, the labor of that committee to bring forth any fruit into legislation failed; and when the Democratic party went out of power, when the Fifty-first Congress was elected, and the learned and distinguished gentleman from Maine was made Speaker of the succeeding House, I saw no probability of a settlement of this matter. I saw no hope of any great work being done by the Committee on Pacific Railroads; and I went to the distinguished gentleman from Pennsylvania [Mr. DALZELL], whom I knew would be chairman of that committee, and requested that I be not continued as a member of that committee. On his request the Speaker of the House, in the formation of the committee, omitted my name, and I was not a member of that committee in the Fifty-first Congress; neither did I belong to it in the Fifty-second Congress; and I am glad of it. When we met here in the summer of 1893 and the committees were selected for this Congress I was greatly surprised, and not gratified, to hear my name announced as a member of the Committee on Pacific Railroads.

But I do desire to say that having been assigned to the committee I determined to give to the discharge of the duties of that position all the zeal and all the ability that was at my command, and to endeavor to arrive at a satisfactory solution of this vexed question. The members of the committee, whether upon the minority or majority side here, will bear witness to the fact that that committee has honestly and faithfully endeavored to discharge its duties. A majority has arrived at the conclusion embodied in the pending bill.

To that bill, Mr. Chairman, I give my support; and my reason for that I desire briefly to set forth to this House. We were confronted with a statement of the fact that the debt of the Pacific railroads to the United States was fast maturing, and we came to the conclusion that this debt of nearly \$140,000,000 should be settled in some way. The question was: How could it be done? In what way could we meet the conditions which confronted the Government of the United States; in what way could we add strength to our security that would give promise of the ultimate payment of the vast sum so soon to be due? There was, in the opinion of the majority of the committee, but one way. It was admitted that the Union Pacific Railroad and the Central Pacific Railroad were both insolvent, and the probability was that the property of the roads was not sufficient to pay off the Government after deducting the lien that was prior to that of the United States.

I am not here, Mr. Chairman, to defend the action of those who allowed that blunder in 1864, by which the Government lien was subordinated to other bonds that the road might issue; but I thought as a matter of history that I would endeavor to find out the reasons that animated Congress in giving the road the right to issue these bonds.

That bill is known as the act of July 2, 1864. In the House it was in charge of Hon. Thaddeus Stevens, of Pennsylvania, and he set forth the reasons why the Government of the United States was compelled to give additional aid to this great enterprise. On the 21st of June, 1864, in the debate in the House Mr. Stevens said:

The Central Pacific Company has raised already upon that side of the mountains over \$15,000,000. They have that money to expend and they are expending it. They are building a road over the Sierra Nevada into the silver-mining region at a cost of over a hundred and fifty thousand dollars a mile. It was obvious to the committee that upon this side of the Rocky Mountains it would cost even more than that. I have no doubt that there are sections of country there where it will cost from three to five hundred thousand dollars a mile. It would be impossible, therefore, for the company, under the old concession, to make this road, and we felt that if it was to be made something more ought to be done by the United States. The committee thought that nothing which we could carry through the House would be too much to aid in building this great thoroughfare between the eastern and western population of the country; to unite us with California, whose people, whatever they may have been at the start, are admitted now to be among the purest, both in politics and morals, of any in the United States. We thought it necessary, therefore, to do something to unite us with that people. What could we do? The company asked that we should double the number of bonds, and the Senate actually passed a bill guaranteeing the payment of interest for twenty years, in coin, on double the amount of bonds which the United States originally granted.

Your committee came at once to the determination not to burden the nation at this time with any further liabilities or obligation. They said to the company, "Take what land you choose; it is worth nothing to the Government; it is not held out for sale; it is worth nothing except as it becomes populated, and as you populate it you do us a benefit. Do not ask us for more bonds. We will take off some of the restrictions and make the conditions lighter, so as to enable you to go on with the work."

These are the reasons, set out in the language of the distinguished gentleman from Pennsylvania, the Hon. Thaddeus Stevens, why it became necessary to supplement the act of 1863 with the act of 1864, to give larger concessions to these Pacific railroads, to allow them to place a mortgage upon the roads which should be prior and antecedent to that of the United States, which, under the law of 1863, was to constitute the first mortgage debt.

Under that act of 1864, supplementing the act of 1863, the railroads were built. They were a benefit not only to the men who built them, not only to the enterprise which called them into being, but to the whole United States. They were of great benefit to the Government because they cheapened the carrying of the mails to our Western coast. They were of great benefit to the Government because they lessened greatly the cost of transportation across the plains, which up to that time had been done by wagons and teams. They saved to the Government in the transportation of troops and supplies and munitions of war many million dollars a year. If that iron band had not connected the Eastern with the Western portion of this country we should have spent in actual money for those purposes alone more than \$100,000,000 from that time to this.

Therefore, Mr. Chairman, so far as the question of who was benefited by these roads is concerned, they were a benefit not only to those who built them, to those whose genius conceived the idea and whose enterprise carried it into effect, but they were of great benefit to the Government of the United States. Those roads were also of greatest advantage to the people who lived along their lines. They were not only of great benefit to the United States so far as the actual saving of money was concerned, but they added to the greatness and grandeur and glory of the American Republic.

Why, Mr. Chairman, if we are to calculate the benefits upon the one side and upon the other, we shall find that the benefits to the Government of the United States were greater, ten times told, than the benefit to any one man who was engaged in the promotion of the enterprise. The work went on. One road starting at the East and one at the West, they grew together, until 5 miles west of Ogden, on the 29th day of May, 1869, seven years before the time allowed by the act of 1863 or the act of 1864, this great work was accomplished, the union was made, and the Atlantic and the Pacific coasts of the United States were welded together by these iron bands. And now the opposite coasts of this country of ours are connected so that it takes but a few days for one starting on the Atlantic shore of our country to reach the Golden Gate of the Pacific. And, sir, if there are any people in all the world who have been especially benefited by the building of the Pacific railroads they are the people of California.

Mr. CAMINETTI. When shall we get through paying for it? Mr. CARUTH. When shall you get through paying for it? You are not paying for it any more than anyone else.

Mr. CAMINETTI. Mr. Huntington, in his letter to this House, says that we will have to pay for it, and so does Mr. Stanford.

Mr. CARUTH. That the people of California will have to pay for it?

Mr. CAMINETTI. Yes, sir; and I will show you the letter.

Mr. CARUTH. Who says that?

Mr. CAMINETTI. Mr. Huntington, under his own signature. Mr. CARUTH. He says the people of California will have to pay for this?

Mr. CAMINETTI. Yes, sir.

Mr. CARUTH. All the people who patronize these roads—all who travel over them or send freight over them—pay for these roads. The people of California have a right to make laws for the control of the railroads within their own State; and the Central Pacific Railroad of California was incorporated under the laws of that State and is subject to the jurisdiction of its legislature.

I remember, Mr. Chairman, the terrible scandals connected with the building of these roads, and would be the last man to condone any of the offenses that might have been committed, and the majority of the committee endeavored to do what could by them be done to preserve every right in the Government to pursue the wrongdoers. So gentlemen will find in the pending bill, in section 14, the following language:

That the said companies accepting the provisions of this act, and each of said companies, shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity or other proceedings to be instituted and prosecuted in the name of said company or companies against any person who is, or has been, a director, officer, agent, or employee of the said company, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever, in respect of which the said Department of Justice shall allege that it desires such action, suit, or other proceeding to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said company or companies to appear for them or it as attorney or solicitor in such actions, suits, or proceedings, and shall have the entire control of the same from the inception thereof to the end of such prosecution, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid to the Treasurer of the United States, and by him applied as payment upon the lowest numbered bond or bonds of the company interested in such recovery outstanding under the provisions of this act; the balance remaining after all said bonds are paid shall be paid to the company in whose name the said sums were recovered.

And to "make assurance doubly sure," in the last section of the bill it is declared that "nothing herein contained shall be held to deny, exclude, or impair any right or remedy in the premises now existing in favor of the United States." It will not do for us to be forever looking back and talking of the wrongs which have been done the people by these roads. We must act in the present and look to the needs of the future. We find these to be the conditions which confront us:

First. We have paid out, and will be compelled to pay out, for the Union Pacific Railroad nearly \$69,000,000.

Second. We have paid out, and will be compelled to pay out, for the Central Pacific Railroad about \$63,000,000.

To secure these vast sums we have liens on the Union Pacific Railroad so far as we aided in the building of the line, the Supreme Court of the United States having expressly limited our lien to that portion of the road for the construction of which the bonds were issued. These would give us a second mortgage on so much of the Union Pacific Railroad as commences at a point one-half mile west of Kansas City and stops at the three hundred and ninety-fourth mile post west of the point of beginning, commencing and ending in a prairie. Also on a line starting 3 miles west of the Missouri River and extending to a point 5 miles west of Ogden, where it unites with the Central Pacific Railroad. The entire mileage of the road which was aided by the United States was 1,432.38 miles, and the situation of this debt is as follows:

First mortgage, ahead of the United States.....	\$63,500,000
Lien of the Government and interest thereon (say).....	65,000,000
Total.....	101,500,000
Less amount in sinking fund.....	\$15,500,000
Value of 1,432.38 miles at \$40,000 a mile.....	57,295,200
Total value.....	73,795,200
Deficit.....	28,704,800

The chances are that even this showing could not be maintained and that at a forced sale under foreclosure proceedings the property would not bring more than the first mortgage, and that the Government would lose the entire amount of its debt.

Our account with the Central Pacific would show even worse than this. Our debt is \$63,000,000, and it is agreed, on all hands, that on a forced sale of the property it would not bring the first mortgage debt, which is prior to the lien of the United States. On the Central Pacific Railroad we aided 860.66 miles of the line, and our lien is restricted to the portion of the road lying 5 miles west of Ogden and extending to Sacramento City, a distance of 737.50 miles, and that portion extending from Sacramento City to San Jose, a distance of 123.16 miles. Our line covers no terminals. The Ogden terminus is in a wilderness, and the San Jose terminus is in the open country, 9 miles from the Bay of San Francisco.

The chairman of the railroad commission (Governor Pattison), the gentlemen who constituted the majority of the commission, and the gentleman from California (Judge MAGUIRE), all agree

that the road would bring little, if any, more than the first-mortgage debt.

If we were to state the account with the Central Pacific Railroad, the figures would show as follows:

CENTRAL PACIFIC RAILROADS.	
Amount of first-mortgage bonds.....	\$27,855,680
Debt due United States, say.....	63,000,000
Total.....	90,855,680
Deduct—	
Amount of sinking fund.....	\$3,531,344
Value of roads (Governor Pattison's valuation).....	34,500,000
Deficit.....	41,031,344

With this condition of affairs staring them in the face the Committee on Pacific Railroads entered upon the task of endeavoring to solve the difficulty and bring to an end the troubles which were harassing the Government in connection with these fast-maturing obligations it had given over thirty years ago to aid in constructing these railroads to the Pacific Ocean. There were some who said, Let us buy out the first-mortgage bondholders and run the road. Even if this had not been a bad move to make it would have been a costly one. If we bought up the liens ahead of the Government on the aided lines we would not have a railroad, but only pieces of a road, pieces which began nowhere and ended nowhere—not a system of roads running from one city to another, but only a road without terminal facilities of any sort—and to get this we would have to expend in addition nearly \$40,000,000 in excess of the sinking fund now in the Treasury, but to get a system of railroads running from the Missouri River to San Francisco we would have to spend many millions more.

Hon. E. Ellery Anderson, who is one of the most prominent lawyers in America, a member of the Commission which examined the Pacific railroads, under the act of 1887, a Government director in the Union Pacific and now one of the receivers of that road, at the request of the chairman of the Committee on Pacific Railroads, gave a statement of what it would require to get such a system. Any statement from such a well-informed source is entitled to full consideration and credit. Mr. Anderson says:

The United States Supreme Court has decided on many occasions that the lien of the Government only extended to that part of the aided railroads in respect of which bond aid had actually been issued. This question was presented in reference to the Kansas Pacific Railroad Company in the case of *United States vs. Kansas Pacific*, reported in 90 U. S. page 455, in which case the question involved was substantially whether the lien of the United States covered the entire property from Kansas City to Denver, or whether it was confined to that portion of the railroad situated between Kansas City and a point 393½ miles westerly therefrom. Government aid had been extended to this point, but not beyond. The court held that the Government lien was confined to the Government-aided portion of the road, and also that the Government's right to retain compensation earned, or to require the payment of the 5 per cent of net earnings directed to be paid by the acts of 1862 and 1864 was confined to the aided portion of the road, and did not extend westerly of the point above mentioned.

It follows from the authority cited that a purchase by the Government under a foreclosure of its lien would convey a clear title to the railroad between Omaha and Ogden, subject, of course, to the prior liens thereon. On the line of the Kansas Pacific a similar foreclosure would convey the title from Kansas City to the point 393½ miles westerly therefrom. Such foreclosures and sales would, however, convey no title whatever to the railroad property between the point above referred to and Denver, a distance of nearly 300 miles, nor would they convey title to the large and valuable terminals in the city of Denver, nor to the railroad property between Denver and Cheyenne. For the same reason the title to the Omaha Bridge would not pass, and the right to terminal property in Omaha and in Kansas City would be involved in much uncertainty. It therefore follows that for the purpose of acquiring a complete title to the Union Pacific Railway Company for the 1,822.50 miles referred to in the Reilly bill the Government would have to actually pay and discharge the bonds which are prior to its own lien on that portion of the road which is covered by the Government lien. On the remaining portion it would be compelled to pay or adjust all the existing liens. The following table states the description of the bonds referred to and the amounts thereof. It includes both those bonds which are a first lien on the bond-aided portion and those which are a lien on the nonaided portion:

Union Pacific, Union division, first-mortgage bonds.....	\$27,229,000
Union Pacific, eastern division, first mortgage bonds.....	2,240,000
Kansas Pacific, middle division, first-mortgage bonds.....	4,063,000
Omaha Bridge 8 per cent bonds.....	565,000
Kansas Pacific, Denver extension, sixes.....	4,218,000
Kansas Pacific, Leavenworth Branch, sixes.....	15,000
Denver Pacific first mortgage, sevens.....	4,000
Union Pacific sinking fund, eights.....	3,782,000
Kansas Pacific consolidated mortgage, sixes.....	11,720,000
Omaha Bridge renewal, 5 per cent bonds.....	580,000
Union Pacific Equipment Trust, 5 per cent bonds.....	2,010,000
Kansas Pacific incomes, unsubordinated.....	9,850
Kansas Pacific incomes, subordinated.....	20,550
Coupon certificates.....	285
Kansas Division and collateral mortgage.....	5,000,000
	61,465,785

The sinking fund eights above referred to are junior to the lien of the United States on the division between Omaha and Ogden, and would be cut off by a foreclosure of the United States' lien. As to all the other securities mentioned in the table, they are so related to the property that a foreclosure of the United States' lien would not extinguish them, and it would therefore be impossible to acquire a complete title to the railroad without, in substance, paying all of these liens. There is quite an accumulation of interest on the consolidated mortgage sixes. So that it may fairly be assumed that it would cost the Government of the United States \$60,000,000 to acquire a clear title to the 1,822.50 miles which comprise the Union Pacific Railway.

In addition to the securities above named, there are also outstanding about

\$11,000,000 collateral trust 6 per cent notes; \$3,672,000 collateral trust 6 per cent bonds, and \$4,677,000 collateral trust 6 per cent bonds. The securities involved in these three trusts are of great value to the Union Pacific Railway property, but as they do not form an essential part of the title of the railroad itself, the United States would not be compelled to pay or adjust the bonds under these three trusts.

In regard to the Central Pacific, the outstanding bonds which are prior to the lien of the United States amount to \$27,000,000. The lien of the Government and the mortgage which secures these bonds are coextensive, and embrace the entire railroad from a point 5 miles west of Ogden to Sacramento, and thence to San Jose. A foreclosure of the lien of the United States, together with the payment of these prior bonds, would complete the title from Ogden to Sacramento and to San Jose.

The Government lien does not cover the railroad between Sacramento and Oakland, a distance of 85 miles. For the purpose therefore of completing the title of its railroad to San Francisco the Government would be obliged to construct its own road and acquire title to its own terminals at Oakland and in San Francisco. I am unable to form any accurate estimate of the cost involved, but it is manifest that the entire amount of money required to obtain a complete title from Council Bluffs to San Francisco would be over \$100,000,000. Except as represented by the property thus acquired the claim of the United States against the Union Pacific Railway Company and against the Central Pacific Railway Company would disappear. Except that to the extent of about \$20,000,000, held in the aggregate in the sinking funds of the two companies, the Government would receive a dividend of about 20 per cent on the amounts due it.

In a word, it will take over \$100,000,000 to acquire a complete title for the Government to the railroad between Council Bluffs and San Francisco.

Under these circumstances we did not, in the present condition of the Treasury, deem it advisable to recommend the purchase of the outstanding liens so as to get control of the line of road. Nor, indeed, did we wish to recommend that the Government try the dangerous experiment of entering into the railroad business in competition with its citizens who owned other lines of railroads. The President in his message of January, 1897, had advised against such a course, and the distinguished Secretary of the Treasury had said in his report:

It would be very unfortunate, in my opinion, if the Government should be forced by any combination of circumstances to take possession of and operate these lines of railway, and every reasonable effort should be made by all parties to avoid such a result.

The majority of the committee, therefore, dismissed this plan from consideration as being both undesirable and unwise.

There remained then but two other things which could be done. One was to entirely abandon the debt and let the matter go by default. This meant the loss of over a hundred millions of dollars, and such a loss the Government was in no condition to stand, and there was no reason for giving up the collection of these just claims. The other plan was to approach the consideration of the subject as if it were a business proposition—to treat with the railroads as a wise commercial man would treat with his failing debtors. It was thus that the majority of the committee have acted with these claims, and the ultimatum of the creditor is now proposed to the debtor.

In this bill the creditor says to the debtor, "Strengthen my security and I will give you further time on my debt. Put me in a position where I can hope for ultimate payment, and I will give you an extension." It says to the Union Pacific Railroad, "There is a debt of \$33,000,000 ahead of the obligation you owe me; get that out of the way and I will grant you forbearance, and lower the rate of interest." It says to the Central Pacific, "Pay off the \$27,000,000 of first-mortgage debts on your property, so that I may have the first lien on your railroad, and I will give you further credit at a lower rate of interest." But it says also to both these roads, "I must have in addition a mortgage on all your lines, all its franchises, terminals, and other property in order to add to the security of my debt."

It is a pure business proposition, no foolishness, no "buncombe" about it. It is the best that the Committee on Pacific Railroads thought could be done, and they present it to the House as their plan, give it their indorsement, and recommend its adoption. It is the result of much study, and in its main feature, the funding of the debt, but carries out what every committee of this House which ever had jurisdiction of the matter has recommended; what the Attorney-General of the United States and the Commissioner of Railroads both indorse and approve. Although no one who has ever studied the subject has proposed any other plan of settlement, the opponents of this bill desire its defeat, not because they can present any better plan for settlement, but because they desire no settlement whatever.

They fight the bill because they think that if they are sold the railroads will bring a small price, and the consequence would be that they would require smaller capital stock, and could afford to work cheaper, and for what they will save the people of their particular section in freight charges they selfishly and unpatriotically would sacrifice the vast sums due the Government of the United States. It is this class which holds out only the flimsy hope of getting the money of the Government out of the estates of certain deceased stockholders of the roads, and making these estates pay for acts committed thirty years ago. They know this chance is remote and that the hope they raise may never be realized; but it is useful for the purpose of argument in order to defeat the proposed settlement. The methods adopted by some of the opponents of the pending measure are unworthy, mean, and

degrading, calculated to throw suspicion on the honor and integrity of the American Congress.

They profess to believe that all honesty of purpose and integrity of action is with them and them alone, and all the rest of the world composed of thieves and villains. When they thus assail members of this House and attempt to bring upon this body the suspicion and contempt of the people they become the worst enemies of the Republic. It does not do for anonymous writers to assail the character of representatives of the people. Those who serve here do not do so for the mere money which they earn, because the same industry, intelligence, and zeal devoted to other pursuits would yield far richer pecuniary results, but they seek this high station because of its prominence, because of the distinction conferred and the honor gained, and he is the worst of unchanged assassins who without proof attacks the honor and integrity of members of this body. If anyone be corrupt let the charge be made and the proof be produced against him, but do not for the supposed sin of any one man assail a whole body.

The House of Representatives has shown itself ever ready to investigate the conduct of its members and punish those who have shown themselves unworthy of their positions. Remember the days of the "Credit Mobilier" investigation, when, standing in front of the Speaker, in the presence of their fellow-members, two Representatives received with bowed heads the "absolute condemnation" of the Congress and passed out of this Chamber only to hide their disgrace in the darkness of the tomb.

So far, Mr. Chairman, as I am concerned, I have given to no one subject the thought I have bestowed on this question of the Pacific railroads, because my committee assignments compelled me to do it, and from this study I am prepared to say that I believe this the only measure which will secure the ultimate payment of the vast sums due the Government from these failing corporations, and I do not hesitate, therefore, to earnestly recommend the passage of the pending bill. Let us—

"Cease to lament for that we can not help,
And study help for that which we lament."

The Pacific Railroads.

SPEECH

OF

HON. JAMES G. MAGUIRE,

OF CALIFORNIA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 2, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 7798) providing for the refunding of the Pacific Railroad debts to the United States Government—

Mr. MAGUIRE said:

Mr. CHAIRMAN: In discussing the amendment which I have just offered, to exclude the Central Pacific Railroad system from the refunding scheme contemplated in this bill, I would ordinarily confine myself to a statement of the differences between the two great Pacific railroad systems, as they will be affected by this measure.

But, sir, owing to the insufficiency of the time allowed for debate, so many objections to the general scheme of refunding remain unstated that I feel bound to devote a portion of my time to an argument against the entire bill.

I have had the arguments which I made before the Committee on Pacific Railroads against this bill printed, and have sent copies to all members. I hope they have been generally read; but, considering the unreadable masses of printed documents constantly received by Representatives through the mails, I am not willing to trust that my printed arguments have received special attention.

Under leave of the House I had those arguments printed also in the RECORD as an appendix to my speech of August 15 and 16, 1894, against certain claims of the Southern Pacific Company. I will not now repeat the arguments then made, but with a mere summary statement of the objections to the passage of the bill as they occur to me I desire to present a more complete statement of my views concerning the proper disposition of the Pacific railroads after the foreclosure of the existing mortgages.

FRAUDS IN CONSTRUCTION AND OPERATION OF PACIFIC RAILROADS.

Twenty-three years ago, sir, the Credit Mobilier investigation startled this country and aroused the whole people to a fever of indignation by its disclosures of shameless corruption and of the systematic robbery of the Government by the directors of the Union Pacific Railroad Company.

It was shown that through the almost open bribery of public

officers they had secured immense concessions and unjust immunities from the Government, and that through fraudulent contracts with themselves they had diverted to their own pockets tens of millions of dollars' worth of assets of that company which it was their duty to hold in trust for the repayment of the Government's bond subsidy, with the interest to accrue thereon.

Congress, upon these disclosures, passed the act of 1873, which I mentioned in my remarks this morning, requiring suits to be instituted against these fraudulent directors to compel them to restore the diverted assets.

Such suits were instituted in the name of the United States against the directors of the Union Pacific Company; but the United States Supreme Court, unfortunately permitting forms and technicalities to shield the spoliators, finally held that, notwithstanding the statute, the United States Government could not maintain such suits against the directors until the maturity of its claims and default in the payment thereof by the company.

That decision (98 U. S. Reports) applied with equal force to the frauds committed by the directors of the Central Pacific Company, and effectually postponed all action on the part of the Government against the fraudulent directors of all the Pacific railroad companies until the maturity of the Government's second-mortgage bonds and default in their payment.

REILLY BILL CONDONES THE FRAUDS.

That period is now rapidly approaching, and it becomes highly important to those who hold the fruits of the frauds in question that the Government's claims against them be waived.

This would be accomplished by the passage of the bill now under consideration. The decision of which I have spoken very clearly holds the obligations of the directors to the Government to be collateral to the mortgage debts of the companies, even where those obligations arise out of the fraudulent diversion of the assets upon which the Government had a right to rely for payment of the principal debt.

That decision further holds, by necessary implication, that the Government can not even compel the debtor companies to sue the fraudulent directors for such diverted assets until default has been made in the payment of the principal debt.

But even if the companies could be compelled to sue the fraudulent directors, no recovery could possibly be had in such suits because the companies have always had that right of action; and having neglected for more than twenty years to pursue it, they are unquestionably barred by laches and the general statute of limitations from pursuing it now. The same is true of the stockholders.

Of all defrauded parties the Government alone is in a position to sue the directors when the now contemplated default shall be made. The Government's cause of action has not yet arisen, and it alone is not barred.

SECTION 14 WORTHLESS.

Section 14 of the Reilly bill, which in terms requires the companies to sue the fraudulent directors and provides for the conduct of such suits, is absolutely worthless. It is a delusion. The companies have lost their rights against these directors.

Gentlemen of the committee have said, in reply to inquiries, that the acceptance of this act by the companies will constitute an estoppel against the assertion in court that these claims are barred; but that is absurd.

The fraudulent directors are not to be parties to the acceptance of this act, and they can not be estopped by anything that the companies may do.

Nor would it help the matter in the least to provide in this bill that the Government, instead of the companies, should sue the directors, because the extension of credit on the original obligation would postpone if it did not extinguish all collateral obligations.

It follows, therefore, that the first and most certain effect of the passage of the Reilly bill, or of any funding bill whatever, will be to condone the colossal Pacific railroad frauds, and to finally release the fraudulent directors and their estates from their present obligation to restore the stolen assets.

AN ACT TO FUND STEALINGS.

The fraudulent diversion of assets by the directors of these Pacific railroad companies in the matter of construction alone amounted to more than their present debts to the Government.

I have not time to deal with this proposition in detail, but for proof of my statement I refer to the report of the Pacific Railway Commission, particularly to pages 51, 82, and 137.

In view of these facts would it not be well to change the title of the act now under consideration so as to read: "An act to fund the stealings of the Pacific railroad directors and release said directors from all obligations to the Government resulting from such stealings?"

There might also be appropriately added to such title a declaration that the act further provides for levying "a special tax on the people of California, Nevada, Utah, Wyoming, and Nebraska to make good the losses suffered by the Government through such stealings."

CONTINUED DIVERSION OF EARNINGS.

In all that I have thus far said I have dealt only with the frauds committed in the construction of the roads; but the plunder of the companies did not end with the construction of the roads.

For twenty-five years a side copartnership, consisting of a majority of the board of directors under the disguises of various corporate names, has been robbing the Central Pacific Company of its net earnings.

That copartnership is now, under the name of the "Southern Pacific Company of Kentucky," absorbing all of the net earnings of the Central Pacific road, and holds a lease fraudulently made by the directors with themselves by the terms of which they are to absorb all net earnings of the road for the ensuing ninety years.

I called attention this morning to the fact that this fraudulent lease is expressly mentioned and at least by implication ratified by section 6 of the Reilly bill.

Is this House prepared to ratify all of these frauds and to cancel all obligations arising out of them? I think not.

RESTITUTION, NOT PUNISHMENT, SOUGHT.

Gentlemen accuse us of inhumanity in pursuing some of these directors even to their graves in order to punish them for old offenses. Such talk is the veriest nonsense. We do not ask for the punishment of even the living conspirators. We ask only that the stolen assets which are still accessible be pursued and recovered, whether they or their proceeds be in the hands of the original spoliators or in the hands of those to whom they have come by gift, bequest, or inheritance.

This is the usual and ordinary course of procedure among citizens. Why should the Government refuse to pursue it in this particular case?

AN EASY NOVATION.

The gentleman in charge of this bill [Mr. REILLY] tells us that the first thing to be done by each company is to deposit security satisfactory to the Secretary of the Treasury for the payment of the first-mortgage bonds at their maturity, and, he tells us, they will not be likely to do that unless they intend in good faith to carry out all the conditions of the bill.

In this, it seems to me, the gentleman is grievously mistaken.

The first thing to be done by any company desiring to take advantage of the act is to file its acceptance under section 12, which reads as follows:

SEC. 12. That this act shall take effect as to each of the said companies and their branches, respectively, as hereinafter described, upon the acceptance of its terms by the board of directors of such company in writing, over the corporate seal of such company, signed by its president and attested by its secretary, being filed or deposited with the Secretary of the Treasury within six months after the passage of this act, subject, however, to the completion of the settlement and adjustment in this act proposed and provided; but any company which shall not so file its acceptance shall take no benefit from this act.

This acceptance of the act will at once constitute a new contract between the Government and the accepting company, which may or may not be followed, at some time not specified in the act, by the deposit of the collateral bonds or the security for the payment of the first-mortgage bonds.

In the meantime the Government's right to proceed against the company will be absolutely suspended by the new contract, and all obligations collateral to the old contract will be discharged.

The reservations contained in sections 2 and 17 of the bill will doubtless operate as intended upon the companies accepting the act and failing to comply with its provisions, but they can have no effect at all upon the directors and stockholders whose obligations are collateral and who will not be, in any way, parties to the acceptance of the conditions of the act.

It is quite probable that this easy means of escape on the part of the fraudulent directors and their successors in interest will be the extent to which the companies still under their control will avail themselves of the act.

NO LEGISLATION NECESSARY.

Hasty legislation at this time is entirely unnecessary. Existing laws fully enable the Secretary of the Treasury and the Attorney-General to protect the rights and interests of the Government in the Pacific railroad matters.

This being the case, the rights and obligations of all parties should be permitted to ripen and to be enforced in accordance with the laws under which they were contracted.

FICTITIOUS CAPITALIZATION AND OPPRESSIVE CHARGES.

Another effect of the passage of this bill will be to continue the present fictitious capitalization of the Pacific railroads as a basis for excessive and oppressive freight and fare charges.

These roads are capitalized at several times their real value, and their right to earn interest on the fictitious capitalization seems to be conceded by the Interstate Commerce Commission.

For example, the Central Pacific Railroad is capitalized at \$172,000,000, while the Pacific Railway Commission, in 1887, estimated its real value, measured by the cost of reproducing it, to be only \$34,500,000. (Report, page 201.)

If the roads are sold on foreclosure they will bring presumably

about their true value, and their selling price may be taken as their true value for the purpose of fixing freights and fares hereafter.

This is a most important consideration to the people of the West, who maintain these roads, and who must be taxed to pay the funded debt, if this bill should pass.

A TAX ON THE WEST.

It is conceded by all that the funded debt, as contemplated by this bill, must be paid out of the freight and fare charges on the traffic of the roads; but it is claimed that the burden will be distributed with practical equality between the East and the West. It is said that the consumers of the West will pay the excessive freight charges on all commodities shipped westward over the roads, but that the consumers of the East must pay like charges upon all commodities shipped eastward, thus equalizing the burden.

Unfortunately for the West, the almost universal law of trade, that all burdens upon the production, transportation, and exchange of commodities are shifted to and paid by the ultimate consumer, does not apply to the great bulk of the freight shipped from the Pacific to the Atlantic Coast, while it does apply to nearly, if not quite, every commodity shipped westward.

That law applies to all commodities, such as manufactures, the production of which can be gauged according to the demand; but it does not apply, except remotely to discourage the industry generally, to agriculture or horticulture. In those enterprises the yield may be light or excessive, in proportion to demand, from causes wholly independent of the producers' volition or foreknowledge.

The farmers and fruit growers must take their chances always upon the fruitfulness of the seasons, not only in this country but in all countries whose similar products are sold in the same markets with ours, whether at home or abroad.

This distinction between the products of farms and factories in the markets is not new.

It has long been well understood, for example, that, while cost of transportation and tariff taxes are always added to the prices of manufactures imported from Europe and are all ultimately paid by the American consumer, the American farmer has never been able to add any such expenses to the price of his wheat, either in the home or the foreign market.

The reason for this apparent paradox is that the character and extent of soil and climatic conditions favorable to the cultivation of cereals in this country always induce the production of a large surplus of such cereals which must be sold in the world's open market at prices fixed by the world's supply, regardless of the cost of producing or transporting the American product.

The prices so fixed in the world's market fix the prices of such cereals also in the home market at just the cost of transportation less than the world's prices.

So it is with us in dealing with the East; we must pay the freight charges upon most of the commodities which we send to the East for sale, while we are obliged to pay all freight charges upon the Eastern commodities which we consume.

In view of these facts I feel that I have not overstated the hardship which the passage of this bill would impose upon the Pacific States that are tributary to these railroads.

We would simply be required to pay, in excessive freight and passenger rates, during the next fifty years, double the cost of reproducing both of these railroad systems, and leave them at the end of that period entirely to their private owners free from incumbrance. That certainly would not be to us.

There is not a man in this House who would think of recouping the losses of the United States Government through the Pacific railroad subsidies or the dishonesty of their managers by levying a special tax on the people who live in the region traversed by the roads, but under the form of a requirement that the railroad companies pay the amount of those losses you will, by the passage of this bill, really farm out the taxing power to these companies to raise the amount from us by a special tax on our industries and our commerce.

DIFFERENCES BETWEEN UNION AND CENTRAL SYSTEMS.

What I have said applies to both Union Pacific and Central Pacific systems. But, sir, there are several additional objections to funding the bonded debt of the Central Pacific Railroad Company which do not apply to the Union Pacific.

The Central Pacific Company was organized under the laws of California, and its life is absolutely limited by the constitution and laws of that State to fifty years from the date of its organization. It will cease to exist in 1913, while the funding period under this bill will not be completed until 1945.

The company is absolutely incapable of contracting for the payment of the installments provided for in the bill after the year 1913, and will be absolutely incapable of performing such a contract if made.

Again, under the laws of California the stockholders are liable

for the debts of that corporation in the proportion which the stock of each bore to all of the stock issued at the time the obligation was incurred.

Huntington, Hopkins, Stanford, and Crocker at that time owned all of the issued stock, so far as known, in equal shares. Their estates are ample to respond to the amount of the entire claim of the Government. Proceedings are already in progress to establish that liability against the estate of Leland Stanford.

This bill, if passed, will release all of these claims and terminate the proceedings without judicial determination.

Again, the Central Pacific Railroad has at least a third mortgage resting upon it—a blanket mortgage on the whole system for \$16,000,000—which will be prior to the collateral mortgage provided for in the Reilly bill, and rendering the latter absolutely worthless as security to the United States.

Again, the controllers and managers of the Central Pacific Company are the owners of a competing transcontinental railroad, connected with all of the feeders of the Central Pacific Railroad, and will, if a novation be created releasing them from their personal obligations for the Government debt, be more interested in destroying than in building up or maintaining the Central Pacific road.

Further, and perhaps the worst of all these special complications, the Central Pacific Railroad was, in 1885, leased to the Southern Pacific Company of Kentucky for the period of ninety-nine years at a rental so low that it absolutely precludes the Central Pacific Company from complying with the conditions of this act.

Under these circumstances, whatever may be the conclusion as to the propriety of funding the bonded debt of the Union Pacific Company, the Central Pacific can not be treated with upon the same terms.

PACIFIC COAST PROTESTS.

Mr. Chairman, the gentleman from Vermont [Mr. POWERS] on Thursday last and other gentlemen to-day have denounced the mayor of San Francisco for having sent letters and telegrams to this House charging, or at least intimating, that corrupt means might be used to secure the passage of this bill, and denouncing one of the principal beneficiaries of the bill as a corruptionist and a man ready and willing at all times to bribe legislators and other public officers.

These statements have been referred to as slanderous, and the gentleman from Michigan [Mr. WEADOCK] this morning took occasion to denounce Mayor Sutro as a cowardly slanderer. What all this has to do with the merits of the bill under consideration I am quite unable to see. Mr. Sutro has been zealous indeed in his opposition to this measure. Perhaps he has been overzealous, and this overzeal may have created some prejudice where more temperate methods would have secured favorable consideration.

But Mr. Sutro in this matter represents a public sentiment pervading California. That sentiment is voiced most effectively in the monster petition which I presented to this House on Thursday last, containing signatures of more than 200,000, citizens of the Pacific Coast States, voluntarily forwarded to the San Francisco Examiner, upon a publication in its columns for a very short period of a petition protesting against the passage of the bill now under consideration and favoring foreclosure and Government ownership of the Pacific railroads.

That sentiment is also expressed in the joint resolution of the California legislature telegraphed me by Governor Budd and presented by me to the House to-day. Personally Mr. Sutro needs no vindication at my hands. He has been a citizen and continuous resident of San Francisco for more than a quarter of a century and was on the 6th of November last elected mayor of San Francisco by the largest vote ever received by any candidate for mayor of that city.

Although a very wealthy man, Mr. Sutro expended less than \$500 in the campaign, and no man can charge that in any step toward his election to the mayoralty he used a dollar corruptly or improperly. Now, Mr. Sutro's charges are not at all directed to the members of this House, and not one of his communications can be pointed to in which he intimates that any member of this House has been corrupted or is subject to corruption. He charges that Collis P. Huntington is greatly interested in the measure before the House, and that he has never hesitated to resort to bribery for the accomplishment of any purpose of this kind in which he has been interested.

These statements of Mr. Sutro are more than justified by the now famous Huntington-Colton letters, copies of which are accessible. I have a number at my desk. They are to be found also in the report of the Pacific Railway Commission. They were written by Mr. Huntington to David D. Colton, his partner, at San Francisco, and the originals were introduced in evidence in the case of Ellen M. Colton against Leland Stanford and others. They expressly show that bribery of Congressmen in a previous Congress was contemplated and practiced by Mr. Huntington on behalf of the Central Pacific Railroad Company and other interests of its managing directors. These letters justified what Mr. Sutro has

said in his communications and they should be received rather as useful warnings than as insults to any member of this House.

No honest man can read those letters without realizing not only the utter corruptness of the man who wrote them but the shockingly low estimate which he placed upon the moral characters of the people's representatives in the Congresses to which they refer.

He and his associates seem to have proceeded in all their dealings with the Government upon the theory of human character said to have been suggested by Guizot to King Louis Philippe:

"The people! Bah!" said wise Guizot;
"Bribe the needy, high and low;
Pay them, tickle them, scatter wide
Star and ribbon to please their pride;
Give them places, give them pelf;
The law of man is the love of self.
Every conscience may be sold,
Every man has his price in gold."

"We rule, Oh King, on a deep-laid plan,
We know the worthlessness of man."

Mr. Huntington's reports of his successes, read in the light of the all too plain statement of his methods, indicate that, in those Congresses, he found men willing—

To do the tyrant's high behest,
And earn the robber's bribe.

Let those who deprecate what they are pleased to call "slander of the Pacific Railroad builders" remember that C. P. Huntington, one of the builders and one of the principal beneficiaries of the legislation now proposed, is the chief slanderer, upon whose written statements to his partner the assertions objected to are mainly predicated.

Let them remember also that the Pacific Railway Commission found that \$5,000,000, at least, had been expended by the Central Pacific Railroad managers in corruptly influencing legislation, and that Leland Stanford, when interrogated concerning that expenditure by the Commission refused to answer, and was finally relieved by the circuit court upon a technical objection, from his obligation to answer.

I do not blame gentlemen for becoming indignant at the recital of these crimes; but it seems to me that their wrath should prevail rather against the men who committed the crimes than against the man who calls attention to them.

THE "EXAMINER" PETITION.

The following is a copy of the "Examiner petition," as it is universally designated in the West, which I presented to the House on Thursday last:

To the Senate and House of Representatives of the United States:

The undersigned citizens of the United States, residing in the States and Territories most vitally interested in the management of the subsidized transcontinental railways, respectfully represent:

That the bonds issued by the Government in aid of the construction of the Central Pacific, Union Pacific, Western Pacific, Kansas Pacific, Central Branch and Sioux City Pacific railroads will begin to mature on January 16, 1895, and will all fall due within the following four years.

That the principal of these bonds amounts to \$64,623,512, and the interest paid by the Government up to May 31, 1894, and not repaid by the companies, is \$72,362,227.19.

That the companies are under obligations to repay the sums so advanced as the bonds mature; that these obligations are secured by second mortgages on the roads, but there is no probability that any attempt will be made to meet them.

That the roads have been so managed as to diminish the value of the Government security and furnish plausible reasons for making such a compromise as would leave the debts of the company to be paid by future generations of stockholders.

That in the words of the report of Governor Pattison of the Pacific Railway Investigating Commission, "a mere creditor might consent to a compromise which, in the sovereign dealing with a dishonest debtor who had violated all laws and covenants, would be repugnant to public policy. It can not afford to condone fraud, to validate the iniquitous work of the Credit Mobilier, the Contract and Finance Company, and similar organizations, or to ignore the unlawful and outrageous discriminations and extortionate charges and criminal conspiracies for controlling trade which have characterized the administration of these railroads since the date of their completion."

That to the people of the Pacific Coast it is a matter of imperative necessity to have an independent means of communication with their Eastern markets; that the allied transcontinental railroads at present constitute a high barrier to trade; that any new road built by private capital would at once join the old combination, and that the only trustworthy regulator of rates would be a line owned by the public and operated in the public interest.

That the necessity for such a line, obvious enough before, has just been startlingly impressed upon all by the absolute isolation of California and the other Commonwealths served by subsidized roads, and the complete paralysis of business, caused by a quarrel between the roads and their employees in which the people had no interest; a disaster whose recurrence would be impossible in the presence of an open Government line, free from strikes or labor difficulties of any kind, as all branches of the public service are.

In view of these facts we earnestly beg that no extension of time, on any terms whatever, be granted for the payment of the Pacific railroad debts, but that immediately on default in meeting the matured bonds the mortgages be foreclosed and the roads bid in by the Government and operated as national enterprises.

And your petitioners will ever pray, etc.

The great number of signatures—more than 200,000—and the manner of its signing entitle this petition to more than ordinary consideration.

These signatures were not as a rule personally solicited. They came spontaneously upon the mere suggestion in the columns of the San Francisco Examiner that such a petition would aid in defeating the legislation here contemplated.

The following history of the petition as recently published by the Examiner is not only interesting but instructive, as showing the widespread and intense sentiment on the Pacific Coast against any scheme of settlement of the Pacific railroad question which involves saddling these odious monopolies and their fraudulent debts upon us as this measure will do.

Under the leave already given by the House I will print it as a part of my remarks:

HISTORY OF THE PETITION.

On July 20, 1894, the Examiner contained a dispatch, under date of July 19, from Washington, D. C., announcing that a funding bill had been agreed upon and that the House Committee on Pacific Roads was ready to report. The bill provided for an issue of bonds for a period of fifty years at 3 per cent wherewith to pay off the indebtedness of the roads to the Government.

On July 21 an editorial appeared in the Examiner soliciting an expression of opinion from the people of the Pacific Coast on the question as to whether the Government should foreclose and take possession of the railroad. In the same issue was first printed a formal petition against the funding bill and in favor of Government possession of the Central and Union Pacific railroads.

This printed petition appeared every day for about four weeks, and as a result on July 24 there had been received at the Examiner office 2,948 signatures against the bill and in favor of Government ownership.

In the issue of July 22 telegrams were printed from E. V. Debs and C. P. Huntington giving their respective views on the situation, also statements from other prominent people throughout the country.

On July 25 the petition received its first impetus. That day 2,165 signatures were obtained, or an aggregate more than had been obtained collectively for the four days preceding.

On July 27 the roll had increased to 6,509, and on July 30 the total was 11,010. On July 30 the total reached 15,489.

With the issue of July 29 the Examiner circulated amongst the subscribers a large printed form for signatures, which was well received and quickly responded to. On the last day of July the total number of signers was 23,982, all of whom had signed the petition within ten days after the proposition was first submitted, and a month later, or on August 31, the total had reached the magnificent figure of 182,227.

On August 2 Adolph Sutro's first list of 2,906 was received. It was the largest single list up to that time.

On August 3 the total had reached 50,149.

August 4 closed the second week of the campaign of the people, during which 46,016 names were received, being over four times as many as were sent in during the first week, 11,010 being the total for the first week.

August 5 William Farrell, a cigar dealer on Market street, sent in a petition 90 feet long, containing 3,230, the largest list to that date.

On August 7 the 75,000 mark was passed, the total on that day being 76,813.

On August 8 two incidents of note occurred. Adolph Sutro broke the single-petition record with 3,304 names, which helped to swell the total for one day to 10,163, the largest single day's record to date. The total was 86,775.

On August 10 the total went to 100,227. On that date it was decided to close on August 17, and on the same date a large petition to hold 50 names was printed on the front page of the Examiner.

On August 15 the 125,000 mark was passed.

On August 16 the record was broken with 10,276, the largest for a single day up to that time.

On August 17, the day set for closing the lists, the largest single day's returns were received, 11,904, Mr. Sutro having sent in the largest list, containing 3,571. The total was now 155,823, and on that day it was decided to run up to 200,000.

On August 20 the first tabulated list appeared, and on August 25 the 175,000 mark was passed.

On October 9 the list was closed hurriedly to be put in condition to forward to Washington, that its influence might be exerted on the members in the closing days of the last session of Congress, the bill having then been reported. The grand total of names then exceeded 200,000, all voters, and representing every State on the Pacific Coast, California giving a total equal to nearly two-thirds of its voting population. When it was learned that the Reilly bill would not come up at that session the lists were held back. If they could have been reopened the total would have been largely increased.

CALIFORNIA'S GREAT RECORD.

The names for California, by counties, are as follows:

Alameda	4,130	Placer	2,238
Alpine	20	Plumas	540
Amador	970	Riverside	1,601
Butte	2,340	Sacramento	3,446
Calaveras	1,708	Shasta	1,722
Colusa	1,078	Sierra	1,616
Contra Costa	1,618	Siskiyou	2,022
Del Norte	304	Solano	2,146
Eldorado	1,281	Sonoma	4,109
Fresno	4,200	Stanislaus	1,224
Glenn	802	Sutter	642
Humboldt	2,036	Santa Barbara	1,622
Inyo	178	San Benito	1,242
Kern	1,316	San Bernardino	1,925
Kings	1,450	Santa Clara	2,158
Lake	688	Santa Cruz	2,814
Lassen	304	San Diego	3,824
Los Angeles	4,341	San Joaquin	2,086
Los Angeles, city	3,634	San Jose	3,703
Madera	836	San Luis Obispo	2,191
Marin	1,014	San Mateo	870
Mariposa	554	Tehama	1,230
Mendocino	2,194	Trinity	276
Merced	668	Tulare	2,589
Modoc	380	Tuolumne	711
Mono	163	Ventura	1,192
Monterey	2,048	Yolo	1,406
Napa	1,338	Yuba	1,236
Nevada	2,637	San Francisco	50,354
Oakland	5,060		
Orange	789	Total	152,179

OREGON'S QUOTA.

Oregon was enthusiastic on the subject, and the readers of the Examiner in that State sent in a total of 13,028 names, distributed as follows:

Baker	284	Linn	1,060
Benton	160	Malheur	60
Clatsop	372	Marion	819
Clackamas	504	Morrow	88
Columbia	312	Multnomah	274
Coos	1,148	Polk	188
Crook	18	Portland	1,428
Curry	182	Sherman	88
Douglas	1,194	Starkey	12
Gilliam	118	Tillamook	166
Grant	136	Umatilla	280
Harney	136	Union	226
Jackson	1,032	Wallowa	74
Josephine	626	Wasco	161
Klamath	242	Washington	287
Lake	121	Yamhill	374
Lane	784		
Lincoln	134	Total	13,028
Linn	20		

WASHINGTON IN THE FIGHT.

Washington, too, took up the fight and spontaneously sent in 10,955 signatures, the following counties being represented:

Adams	22	Okanogan	29
Chehalis	601	Pacific	59
Challam	378	Pierce	1,228
Clarke	295	San Juan	62
Columbia	76	Skagit	608
Cowlitz	842	Skamania	54
Douglas	1	Snohomish	850
Franklin	60	Spokane	228
Garfield	76	Stevens	138
Island	60	Thurston	668
Jefferson	247	Walla Walla	80
Kings	1,730	Wahkiakum	120
Kittitas	540	Whatcom	729
Kitsap	150	Whitman	632
Klickitat	14	Yakima	196
Lewis	162		
Lincoln	214	Total	10,955
Mason	106		

NEVADA'S EFFORTS.

Nevada's list contained the names of nearly one-third of its voting population, the following counties being represented:

Churchill	62	Ormsby	229
Elko	842	Nye	36
Esmeralda	167	Storey	692
Eureka	171	Weber	8
Douglas	228	White Pine	82
Humboldt	538	Washoe	610
Lander	100		
Lincoln	236	Total	3,638
Lyon	289		

IDAHO DID WELL.

Idaho did quite as well in proportion to its population, sending a total of 2,639 names from the following counties:

Ada	192	Logan	81
Cassia	3	Latham	74
Boise	66	Latah	224
Canyon	100	Kootenai	375
Custer	9	Nez Perces	19
Bingham	3	Oneida	96
Alturas	14	Owyhee	18
Fremont	86	Shoshone	636
Idaho	77		
Elmore	176	Total	2,639
Lemhi	108		

MONTANA'S LIST.

Montana sent in 1,441, as follows:

Beaverhead	43	Meagher	3
Cascade	7	Missoula	101
Custer	88	Park	27
Deer Lodge	201	Ravalli	93
Flathead	21	Silverbow	402
Gallatin	40	Valley	90
Jefferson	114	Yellowstone	41
Lewis and Clarke	133		
Madison	2	Total	1,441

ARIZONA'S ENTHUSIASM

Arizona made the splendid showing of 3,190 names, and would have done better if time could have been granted. The following counties sent petitions:

Apache	38	Pima	251
Cochise	355	Pinal	236
Cocconino	181	Yavapai	570
Gila	249	Yuma	147
Graham	46		
Maricopa	810	Total	3,190
Mohave	307		

UTAH'S CONTRIBUTIONS.

Utah is represented by the following counties:

Beaver	1	Summit	202
Box Elder	65	Washington	18
Carbon	1	Weber	289
Davis	1	Utah	1
Grand	51		
Salt Lake	200	Total	900
San Pete	2		

FROM TEXAS TO PENNSYLVANIA.

Other States also took a lively interest in the work. Colorado sent in 709 names, New Mexico 395, Minnesota 265, Wisconsin 13, New York 13, Missouri 48, Arkansas 219, Nebraska 306, Pennsylvania 23, Wyoming 97, Illinois 72, South Dakota, 109, Ohio 65, Kansas 832 and Texas 296.

Other States in a scattering way raised the grand total to 200,507, making this undoubtedly the largest petition ever presented to Congress from the Pacific Coast.

LABOR FEDERATIONS' MEMORIAL.

I have received hundreds of letters and telegrams from all parts of California and the West, from official as well as from private bodies and individuals, all urging the defeat of this measure as essential to the future prosperity of a great and rich section of the Pacific Coast. I can not now even refer to them specifically, but they undoubtedly speak the universal sentiment of the West, as do the resolutions of the legislatures of California and Colorado, now in session.

But there is one other memorial expressive of the sentiments of the great body of the laboring classes East and West on this subject. It is the memorial adopted by the American Federation of Labor at its last annual session in the city of Denver, in December last.

The memorial is to be found on pages 17 and 18 of the official record of its proceedings, and is as follows:

To the honorable Senate and House of Representatives of the United States of America in Congress assembled:

Your memorialists, citizens of the United States, respectfully protest against the passage of either the bill prepared by the Attorney-General of the United States, now pending in the Senate, or the bill presented by the House Committee on Pacific Railroads, now pending before the House of Representatives, or any other bill of a similar character, both of said bills being for the reorganization of the Union Pacific and Central Pacific railways and for the extension of their securities.

First. Because said bills ignore almost entirely the interests, present and prospective, of the people now occupying and the multitude of citizens hereafter to occupy the vast, rich, and fertile region of country served and vitally affected by said railroad system; a country including the States of Kansas, Nebraska, Colorado, northern New Mexico, northern Texas, Wyoming, Utah, Nevada, Idaho, Oregon, western Montana, and Washington, as well as California, being at least one-quarter of the area of the whole United States, and including a very large extent of what is by all odds the richest part in natural resources of the whole country.

Second. Because they both extend to an unreasonable time for any government to bind, or to legislate for, the people in a new country on such a vital matter, and granting a dangerous franchise for a hundred years, or even fifty years, to come.

Third. We protest against the passage of any such bill, because instead of considering the matter in the light of what ought to be the first question, i.e., the public interest and national welfare, their main consideration is directed to a question of how to recoup the stockholders of the main line of the Union Pacific road, the successors of the Credit Mobilier, the most pampered beneficiaries and the recipients of the largest powers to oppress the people and of the most munificent contributions of Government aid in the history of the country.

Fourth. Because these bills extend and ratify the authority of said beneficiaries to foreclose and to cut off all other stockholders in the branches of the Union Pacific system, who were never aided by the Government, and who owe it nothing. And for the unworthy purpose of using their property to strengthen the Union Pacific security, now only on its main line, it is proposed that the branch lines also shall be mortgaged to the Government to strengthen its security for the whole property, on low valuation and low interest, for fifty or a hundred years to come.

Fifth. Because both bills propose to rehabilitate the Union Pacific corporation with power to run the vast system, main line and branches, as it has heretofore done, discriminating against the development of one part of the country, breaking down its manufactures and building up others, suppressing the trade of one place for the benefit of another, to the enormous profit and aggrandizement of its own company, and especially the persons and parties in control thereof, and that for generations to come.

Sixth. We protest against the Government conferring upon the Union Pacific Railway Company, the Union Pacific system, or the Central Pacific Railroad of California, or any other corporation the credit of the Government to enable either or all of them to borrow money at the rate of 2 or 3 per cent per annum, as is proposed in all the plans for their reorganization.

PUBLIC RAILROAD HIGHWAYS.

But gentlemen who recognize the force of all these arguments against the funding bill, and against the funding scheme generally, are very much concerned lest, upon foreclosure, these roads may possibly fall into the hands of the Government and become public property.

And gentlemen on the other side have studiously and adroitly sought to avail themselves of that prejudice by seeking to force the opponents of the bill to declare for Government ownership and operation of railroads.

Personally I am opposed to the Government operation of railroads, unless it shall finally appear that there is no other way to get rid of the curse of railroad monopoly.

I am opposed to the Government engaging in business enterprises of any kind except such as are necessary incidents of its governmental functions.

But I am more strongly opposed to all grants of privileges or immunities to citizens which enable them to exercise monopoly powers over other citizens.

This latter principle is manifestly superior to the former, and more important, both as regards the stability and purity of republican institutions and the happiness of mankind. I hold that no special privilege should ever be granted or continued by government to any citizen or class or set of citizens, under any circumstances or for any purpose, and that it is the first, highest, constant duty of government to preserve and maintain the equal rights and equal natural opportunities of all her citizens. Monopoly, in its very essence, is an invasion of the natural rights of those subject to its extortions, and is essentially inconsistent with free government.

I hold, therefore, that whenever free competition becomes impossible in any enterprise of general utility, that enterprise properly becomes a public function to the extent necessary to eliminate the element of private monopoly.

But the public function should not be extended beyond the elimination of the monopoly when that factor of the enterprise can be separated from the purely business factors. If the monopoly factor can not be so separated, I do not hesitate to say that the whole enterprise becomes properly a public function.

In railroading the monopoly is in the right of way and roadbed. The business of railroad transportation is not necessarily a monopoly. It is made such only through the absolute private control of railroad highways, now generally permitted. Full and free private competition in transportation over public railroad highways is, however, perfectly feasible.

If our public roads and streets were given over to the exclusive control of private companies, as our railroad highways are, we would suffer the same oppression and extortion at the hands of such companies that we now suffer at the hands of our railroad companies.

They would prevent any but their own wagons from carrying freight or passengers on the roads and streets, and would fix their charges, not according to the value of the service rendered but according to the advantage which would accrue to the shipper or traveler by having his goods or his person transported to the point of destination.

Manifestly it would not be necessary for the Government to go into the business of transporting freight and passengers in order to release the people from the oppressive power of that monopoly. In that case, the true and rational remedy would be to make the ownership and control of the roads and streets a public function, leaving to the perfectly free competition of all common carriers the reductions of freights and fares to the reasonable value of the service rendered in transportation.

The same thing is true of monopoly in transportation upon canals, and the same remedy has been successfully applied to that evil.

Why not make railroads public highways, over which all common carriers may operate their freight and passenger trains upon equal terms, and freely compete with each other for traffic?

There is no real difficulty about applying the public highways plan to railroading. This new kind of public highway, for the new mechanism of transportation, would, it is true, require more Government supervision than the old turnpike road, but not more in proportion to its utility.

The roadbeds, including stations and yards, as well as the time schedules and movements of trains would necessarily be under the absolute control of Government officers.

That would not be, even in the least degree, inconsistent with the private ownership of trains, nor with the free and perfect competition of the independent common carriers operating such trains over the same track.

With locomotives and cars built according to Government regulations; with time schedules fixed by Government officers, and with publicly licensed, though privately employed, engineers and conductors subject to the control of Government superintendents and train dispatchers, in the movement of all trains, the separate private ownership of the trains would cut no figure whatever in the mechanical operation of the railroad. But such a system would constantly secure to the whole people freight and fare rates fixed by free competition, the best possible regulator, at the reasonable value of the service rendered.

The sharp competition which would certainly arise among carriers would not only reduce transportation charges to the minimum and insure the utmost courtesy to the public, but it would also stimulate improvements in train service and equipment, which Government transportation would probably discourage.

This recognition of what seems to be the true relation of public and private functions in railroading would immediately and forever solve the very serious railroad monopoly problem. It would avoid all of the difficulties and dangers involved in any possible scheme of Government transportation, while permanently securing to the people all of the advantages that could possibly result from Government operation of railroads.

It would avoid any great increase in the number of civil servants of the Government, while entirely eliminating railroad influence as a factor in politics.

Under such a system the "railroad influence" would have no more to do with politics than would the county-road influence. It is the element of private monopoly (special privilege) only which now, necessarily, makes the railroad interests a factor in politics. Political power is now necessary and effective to maintain and extend the special privileges of railroad owners, and political manipulation is therefore an essential part of their business.

Eliminate the monopoly element and railroading will become and remain a perfectly honorable and fair private business, serving all, oppressing none, seeking no Government favors, requiring no Government interference with its charges, yielding reasonable

profit to those engaged in it, and diffusing its advantages among the whole people.

This is certainly good Democratic doctrine, for it accords exactly with that most fundamental of all principles of Democracy, as laid down by Thomas Jefferson, "Equal rights to all; special privileges to none."

It has the merit also of being thoroughly practical. And, so far as I know, it has the merit also of being the only practical remedy for the evil of railroad monopoly yet suggested which accords not only with the great principle of Democracy which I have stated, but with that other great though subordinate principle of Democracy which declares that the only proper business of the public agency which we call "Government" is "to govern."

We have not presented, and will refrain from presenting, any substitute or amendment looking to the permanent ownership of the Pacific Railroads by the Government, because we are satisfied that this House is not prepared to adopt any such proposition and that its presentation would weaken rather than strengthen the opposition to the funding bill. The defeat of the bill is our first and principal purpose. In that purpose several elements are united that would be divided upon the other question.

We therefore prefer to postpone the issue as to the ultimate disposition of the roads.

Let the mortgages be foreclosed and the rights of the Government enforced in accordance with existing laws, and let the ultimate disposition of the roads abide the ordinary course of events in such cases or, if need be, the judgment of a future Congress.

The Indebtedness of the Union and Central Pacific Railroads.

SPEECH

OF

HON. THOMAS A. E. WEADOCK,

OF MICHIGAN.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 2, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 7708) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1861, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned—

Mr. WEADOCK said:

Mr. CHAIRMAN: The question before us to-day is not whether the Government should in any case aid the construction of railroads owned and controlled by private corporations; nor whether in the methods of the parties who constructed the Pacific roads there was fraud and dishonesty; nor whether enormous profits were made by those who constructed the roads and under the shield of different corporate names made contracts with themselves. The real question is: How can the United States recover the enormous debt of over \$180,000,000 from the Union and Central Pacific railroads, the first being now in the hands of receivers and both being covered by lien prior to that of the United States, amounting to nearly as much as the roads are now worth, on account of the enormous decrease in prices since 1860, when these roads were completed? In the partial report of the Senate Committee on Pacific Railroads will be found a statement of the history of these roads from which extracts will be made:

The scheme of building a transcontinental line of railway to the Pacific Ocean, which had been so long under discussion both in and out of Congress, took practical shape in the Thirty-seventh Congress. On the 1st of July, 1862, an act was passed entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes" (12 Stat., 439). The first section of the act created a corporation composed of 100 persons, whose names were given, together with five commissioners to be appointed by the Secretary of the Interior, with powers of perpetual succession and other attributes of a corporation, to be known as "The Union Pacific Railroad Company," which, with other companies already organized, or which might be organized as therein provided, was to carry out the purposes of the act, as expressed in its title. The capital stock of the company was to be \$100,000,000, divided into shares of \$1,000 each.

The original scheme contemplated one grand trunk line of railroad from a point on the one hundredth meridian of longitude west from Greenwich, between the south margin of the valley of the Republican River and the north margin of the valley of the Platte River, to be fixed by the President of the United States, to the western boundary of the Territory of Nevada, there to connect with a line of road to be constructed by the Central Pacific Railroad Company of California, to be presently described. To accommodate the various Eastern interests, the act provided that no less than six points on the Missouri River should be terminal of branch lines of road, all of which should run westwardly and converge at the initial point on the one hundredth meridian, viz, Kansas City, Leavenworth, Atchison, St. Joseph, Sioux City, and such other point on the western boundary of Iowa as the President of the United States should designate. This point was afterwards fixed at Council Bluffs and Omaha.

A right of way 200 feet wide on each side of the road was granted to all of the lines mentioned; and to aid in their construction public lands, not mineral, in odd-numbered sections, to the amount of 10 sections per mile, 5 on each side of the road, and within 10 miles of the line thereof, were granted to them. As a further aid in the construction of the road, and to induce capitalists to undertake the enterprise, the act provided for the loan to the company of United States 6 per cent thirty-year bonds, of the denomination of \$1,000, to the amount of \$16,000 per mile of road, with treble that amount, or \$48,000 per mile, for 300 miles most mountainous, to wit, 150 miles eastwardly from the western base of the Sierra Nevada and 150 miles westwardly from the eastern base of the Rocky Mountains, and double the original amount, or \$96,000 per mile, for the intervening space between those two mountainous sections, with a further proviso that not more than \$50,000,000 of bonds should be issued for the main line of road.

These bonds were to be delivered to the companies upon the completion of each section of 40 miles of road over the level country, and of 30 miles over the mountainous country from the eastern base of the Rocky Mountains to the western base of the Sierra Nevada. Twenty-five per cent of the bonds issued in aid of the line east of the one hundredth meridian and west of the Sierra Nevada Mountains, and 15 per cent of them between those points were to be reserved until the whole line should be fully completed, and should be forfeited to the Government if the road should not be completed within the time specified in the act. And it was provided that the issue and delivery of the bonds to the company should ipso facto constitute a first mortgage on the whole line of the railroad and telegraph, together with the rolling stock, fixtures, and property of every kind and description, and in consideration of which the bonds were issued; and that, upon the failure or refusal of the company to redeem any of the bonds, when required to do so by the Secretary of the Treasury, in accordance with the provisions of the act, the road, with all the rights, functions, and immunities and appurtenances, and all the granted lands which should then be owned by them, might be taken possession of by the Secretary of the Treasury for the use and benefit of the United States.

The sixth section of the act provided as follows:

"That the grants aforesaid are made upon condition that said company shall pay said bonds at maturity, and shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mails, troops, and munitions of war, supplies, and public stores upon said railroad, for the Government whenever required to do so by any Department thereof, and that the Government shall at all times have the preference in the use of the same for all the purposes aforesaid (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service); and all compensation for services rendered for the Government shall be applied to the payment of said bonds and interest, until the whole amount is fully paid. Said company may also pay the United States, wholly or in part, in the same or other bonds, Treasury notes, or other evidences of debt against the United States, to be allowed at par; and after said road is completed, until said bonds and interest are paid, at least 5 per cent of the net earnings of said road shall also be annually applied to the payment hereof."

The inducements offered by the act of 1862 were not sufficient to enlist capital in the Pacific Railway enterprise. Very little stock was subscribed in the company, and no work was done under the act by any of the Eastern companies toward the construction of the roads. Accordingly, on the 2d of July, 1864, an amendatory act was passed by Congress much more favorable to the company. (13 Stat., 356.)

The object and purpose of this legislation and the reasons which actuated Congress in passing it can not be better stated than in the language of the Supreme Court in the "Interest Case," *United States vs. Union Pacific Railroad Company* (91 U. S., 72, 79). In delivering the opinion of the court Mr. Justice Davis said:

"Many of the provisions in the original act of 1862 are outside of the usual course of legislative action concerning grants to railroads and can not be properly construed without reference to the circumstances which existed when it was passed. The war of the rebellion was in progress, and, owing to complications with England, the country had become alarmed for the safety of our Pacific possessions. The loss of them was feared in case those complications should result in an open rupture; but even if this fear were groundless it was quite apparent that we were unable to furnish that degree of protection to the people occupying them which every Government owes to its citizens. It is true the threatened danger was happily averted; but wisdom pointed out the necessity of making suitable provision for the future. This could be done in no better way than by the construction of a railroad across the continent."

"Such a road would bind together the widely separated parts of our common country and furnish a cheap and expeditious mode for the transportation of troops and supplies. If it did nothing more than afford the required protection to the Pacific States it was felt that the Government, in the performance of an imperative duty, could not justly withhold the aid necessary to build it; and so strong and pervading was this opinion that it is by no means certain that the people would not have justified Congress if it had departed from the then settled policy of the country regarding works of internal improvement and charged the Government itself with the direct execution of the enterprise. This enterprise was viewed as a national undertaking for national purposes; and the public mind was directed to the end in view rather than to the particular means of securing it. Although this road was a military necessity, there were other reasons active at the time in producing an opinion for its completion besides the protection of an exposed frontier."

"There was a vast unpeopled territory lying between the Missouri and Sacramento rivers which was practically worthless without the facilities afforded by a railroad for the transportation of persons and property. With its construction the agricultural and mineral resources of this territory could be developed, settlements made where settlements were possible, and thereby the wealth and power of the United States largely increased; and there was also the pressing want, in time of peace even, of an improved and cheaper method for the transportation of the mails and of supplies for the Army and the Indians."

"It was in the presence of these facts that Congress undertook to deal with the subject of this railroad. The difficulties in the way of building it were great, and by many intelligent persons considered insurmountable."

"Although a free people, when resolved upon a course of action, can accomplish great results, the scheme for building a railroad 2,000 miles in length, over deserts, across mountains and through a country inhabited by Indians jealous of intrusion upon their rights, was universally regarded at the time as a bold and hazardous undertaking. It is nothing to the purpose that the apprehended difficulties in a great measure disappeared after trial, and that the road was constructed at less cost of time and money than had been considered possible. No argument can be drawn from the wisdom that comes after the fact. Congress acted with reference to a state of things believed at the time to exist, and in interpreting its legislation no aid can be derived from subsequent events. The project of building the road was not conceived for private ends, and the prevalent opinion was that it could not be worked out by private capital alone. It was a national work, originating in national necessities, and requiring national assistance."

"The policy of the country, to say nothing of the supposed want of consti-

tutional power, stood in the way of the United States taking the work into its own hands. Even if this were not so, reasons of economy suggested that it were better to enlist private capital and enterprise in the project by offering the requisite inducements. Congress undertook to do this in order to promote the construction and operation of a work deemed essential to the security of great public interests."

"It is true, the scheme contemplated profit to individuals; for without a reasonable expectation of this capital could not be obtained, nor the requisite skill and enterprise. . . . But the primary object of the Government was to advance its own interests, and it endeavored to engage individual co-operation as a means to an end—the securing a road which could be used for its own purposes. The obligations, therefore, which were imposed on the company incorporated to build it must depend on the true meaning of the enactment itself, viewed in the light of contemporaneous history."

The methods of construction resorted to by the Union Pacific from time to time have been thoroughly investigated by the committees of Congress.

In the third session of the Forty-second Congress, House, the Poland committee and the Wilson committee, from their respective chairmen and their reports, which are quite exhaustive and voluminous, cover all the ground, and are found in printed form as reports Nos. 77 and 78, third session, Forty-second Congress. These reports, with others, together with the voluminous testimony taken at the time, are bound in one large octavo volume entitled "Reports of Committees, Credit Mobilier Reports, third session Forty-second Congress, 1872-73." Moreover, the commission appointed under the act of March 3, 1887, to investigate "the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," made an examination of these same matters and filed and submitted their report, which is to be found in Ex. Doc. 51, Fiftieth Congress, first session.

It will be sufficient, perhaps, to say that they all agree in declaring that, in the construction of the Union Pacific road, great profits were realized, which, through the intervention of the famous construction company, known as the "Credit Mobilier of America," were secured to the officers and promoters of the Union Pacific Railroad itself, the determination of the amount of those profits being left to the votes of the beneficiaries thereof. In round numbers, it was found that the cost of constructing the main line from Omaha to Ogden was about fifty and one-half millions of dollars, while the cost to the road was over ninety-four and one-half millions of dollars, leaving a profit to the contractors, who were also the officers, directors, and promoters of the road, of about \$44,000,000.

The report of the Wilson committee on this and other transactions of the officers and directors of the company at that time, after referring to the objects and purposes of the legislation of 1862 and 1864, which were stated very tersely by the committee to be substantially as the Supreme Court afterwards declared in the *Interest Case*, above cited, uses this strong language:

"Congress relied for the performance of these great trusts by the corporators upon their sense of public duty; upon the fact that they were to deal with and protect a large capital of their own which they were to pay in in money; upon the presence of five directors appointed by the President especially to represent the public interests who were to own no stock, one of whom should be a member of every committee, standing or special; upon commissioners to be appointed by the President, who should examine and report upon the work as it progressed; in certain cases upon the certificate of the chief engineer, to be made upon his professional honor; and lastly, upon the reserved power to add to, alter, amend, or repeal the act."

"Your committee find themselves constrained to report that the moneys borrowed by the corporation, under a power given them only to meet the necessities of the construction and endowment of the road have been distributed in dividends among the corporators; that the stock was issued, not to men who paid for it at par in money, but who paid for it at not more than 30 cents on the dollar in road making; that of the Government directors some of them have neglected their duties and others have been interested in the transactions by which the provisions of the organic law have been evaded; that at least one of the commissioners appointed by the President has been directly bribed to betray his trust by the gift of \$25,000; that the chief engineer of the road was largely interested in the contracts for its construction; and that there has been an attempt to prevent the exercise of the reserved power in Congress by inducing influential members of Congress to become interested in the profits of the transaction. So that of the safeguards above enumerated none seems to be left but the sense of public duty of the corporators."

The result of the investigations by the Poland and Wilson committees was, that in the legislative appropriation bill passed March 3, 1873 (17 Stat., 508), a section was added directing the Attorney-General to bring suit in equity—

"In the name of the United States against the Union Pacific Railroad Company, and against all persons who may, in their own names or through any agents, have subscribed for or received capital stock in said road, which stock has not been paid for in full in money, or who may have received, as dividends or otherwise, portions of the capital stock of said road, or the proceeds or avails thereof, or other property of said road, unlawfully and contrary to equity, or who may have received as profits or proceeds of contracts for construction or equipments of said road, or other contracts therewith, moneys or other property which ought, in equity, to belong to said railroad corporation, or who may, under pretense of having complied with the acts to which this is an addition, have wrongfully and unlawfully received from the United States bonds, moneys, or lands which ought, in equity, to be accounted for and paid to said railroad company or to the United States, and to compel payment for said stock, and the collection and payment of such moneys, and the restoration of such property, or its value, either to said railroad corporation or to the United States, whichever shall, in equity, be held entitled thereto."

Under this statute the Attorney-General brought a suit in equity, in the United States circuit court for the district of Connecticut, against the Union Pacific Railroad Company and 169 other defendants, who were averred to have been instrumental in defrauding the company and violating the trusts imposed by the legislation of 1862 and 1864, to recover, for the benefit of the company or of the United States, the money or other property that had been fraudulently obtained.

A demurrer to this bill was sustained on the ground, mainly, that the United States had no right of action in the premises; that the wrongs complained of were against the corporation and its stockholders and not wrongs against the United States; and that redress for alleged fraudulent acts on the part of the directors and managers of the Union Pacific Railroad Company, in breach of their duty to the shareholders, could only be obtained in a suit brought by the corporation, or, if it refused to sue, by a shareholder, and not in a suit by the United States. It was further held that the grant to the company of the land and bond subsidies was not in the nature of a trust, but was absolute, without precedent conditions. The opinion was delivered by Mr. Justice Hunt, and was quite elaborate and exhaustive. It is reported as *The United States vs. The Union Pacific Railroad Company*, 11 Blatch., 385. In discussing the right of the United States to bring the suit, as directed by the act of Congress above set out, the court said:

"Is there a right of action in the United States for the causes thus specified,

or can a right to recover for such cause of action be given to the United States by an act of Congress? Congress may well authorize its Attorney-General to institute suits to recover damages due to the United States, or to redress wrongs which are legally wrongs to the United States, but its action can scarcely create such damages, or cause acts to be wrongs to the United States which are, in their nature, wrongs to another. The United States can not convert to itself the property of another by its own declaration or its own authority, nor can it maintain an action in its own name against A to recover a debt which he may owe to B.

So, if an individual has committed a breach of trust or been guilty of fraud in discharging his duties as an agent of the Union Pacific Railroad Company, the cause of action to redress such wrong and to recover such damages therefor, and the damages themselves, when recovered, belong to the corporation. The suit for such redress must be in the name of the corporation, as plaintiff. As a general rule and under ordinary circumstances no other party can be such plaintiff, and an authority by Congress to the Attorney-General to commence such action in the name of the United States is valueless.

"This principle applies to all the causes of action specified in the act of 1873, except to a portion of the fourth (which was 'against persons who have wrongfully and unlawfully received from the United States bonds, moneys, or lands which ought to be accounted for and paid to the United States,' and which was not embraced in the bill and was conceded not to exist against anyone). Thus, if any person has subscribed for capital stock or received capital stock or shares in the Union Pacific Railroad Company which have not been paid for, the action to recover the money payable by the terms of the subscription must be in the name of the corporation.

"The contract was made with the corporation, as an existing person. The money, if due at all, is, in terms, payable to the corporation as such. In law it must be recovered by the corporation, to be applied by it to the legal necessities of the railroad company. In substance and in form the money must go through and to the corporation, and no creditor, legal or equitable, can maintain an action for its recovery. In certain cases, if the corporation refuses to do its duty, such action may be maintained by the shareholders of the corporation, the corporation being made a party defendant. There may also be a case in which a judgment creditor can maintain an action against his judgment debtor and his creditor to collect his debt after his legal remedies are exhausted. * * * That, however, is not the present case. The debt of the United States has not yet matured. Its bonds, issued to the railroad company, have not yet become payable, and their payment, when they mature, is secured by a specific lien upon the road and its franchises. It is not a case for a creditor's bill."

And then, after reviewing the charges made in the bill against the Credit Mobilier Company, Oakes Ames, and others, in the matter of the construction contracts, that the cost of the railroad was less than one-half the sum represented by the stock and other outstanding liabilities of the company; that much of the stock and bonds of the company were issued not in the interest of the company, but by the managers unlawfully to enrich themselves; and various other charges of fraud and corruption on the part of the directors and managers of the road, the court said:

"Upon the principles and authorities already expressed, the right of recovery for wrongs of this character is in the railroad corporation. Large amounts of money are involved which belong to the corporation and not to the United States; neither the damages nor the right of action belong to the United States. * * * The United States possesses no power to sue for and recover this debt due to the Pacific corporation, and can give none to its Attorney-General."

With respect to the question of an implied trust arising out of the granting acts, to be administered by the corporation so as to carry out the objects and purposes of those acts, as expressed both in their title and in the body of them, the court, after setting out at length the paragraph of the bill making that avowment, went on to say:

"In the sense that all men are bound to deal honestly and act justly in the discharge of their duties, and that whoever receives benefits or advantages from the public, which are expected or intended to produce an advantage to some portion of the people of the country, assumes a trust to effect that advantage, the plaintiff's claim is true. It is not, however, accurate in a legal sense, to say of a bank incorporated for banking purposes, or of an insurance company, or of any similar institution, that it is a trustee of the Government to effect the desired result, or that its property is impressed with a trust for that purpose, which may be enforced in the courts. Such corporation is chartered for private benefit as well as for public advantage, and is legally bound to administer its affairs for the public advantage only to the extent that it does not violate the provisions of its charter or the law of the land. With this limitation, such corporations are authorized to manage their own affairs for their own benefit, and such is the understanding of the Government which grants a charter, and of the individual who accepts it. If, in this respect, a corporation should fail in its duty, the remedy is not by an attempt to enforce its supposed duties to the public as a trust, but to punish its illegal acts by a forfeiture of its charter."

"Not only is no trust expressed, but the idea thereof is excluded by taking a mortgage upon the road, the telegraph, its property, franchises, and all its granted lands remaining unsold. The Government does not rely upon the security of an uncertain and undefined trust, but takes an express mortgage, where it intends to secure to itself the performance of conditions by the company. * * * These affirmative guards and securities furnish strong evidence that Congress did not intend to rely upon a condition or an implied trust, to secure its rights. Whatever trust, guaranty, or protection it desired was reserved in express terms. * * * The expressions, which it is claimed establish a trust, were used that the act might show on its face that the bounty of Congress was bestowed for a constitutional purpose."

"It is apparent to the most superficial reader of the statutes that the great object of Congress was to bestow advantages, and from time to time to increase gratuities to a corporation which should undertake the completion of a railroad to the Pacific. Conditions, restraints, or trusts were but little thought of. * * * This railroad company is not a charitable corporation, nor were the grants for a charitable use. The grants of land and the issuing of bonds are to be considered as gifts, gratuities, voluntary contributions to aid in the construction of works which it was supposed would develop the resources of the country, advance its civilization and improvement, and upon which the mails and munitions of war could be transported. When given and accepted, the power of the donor is at an end, and the absolute ownership is in the corporations. The position of the Government is that of a donor and not that of a creditor or a cestui que trust, except where such position is directly specified. Voluntary conveyance creates no presumption of a trust. The rights of the Government are those which are expressly reserved, and do not arise from an implied trust."

From the decree sustaining the demurrer and dismissing the bill the United States prosecuted an appeal to the Supreme Court, where the decree below was affirmed in every particular. United States vs. Union Pacific Railroad Company (99 U. S., 569). It is unnecessary to quote from the decision of the Supreme Court in this case. Really nothing was added to what had already been said by the circuit court. The language was not the same, but the effect of it was identical. It effectually disposed of all claim that the United States asserted, or could assert, under the statute of 1873, and was an inglorious end-

ing of the Credit Mobilier investigation, from which so much had been anticipated. It clearly indicated, however, that if the frauds that were charged in the bill had actually been committed by those in charge of the Union Pacific Railroad the United States might proceed to a forfeiture of the charter of the company, and, through the medium of a receiver, proceed to close out the affairs of the corporation. That, however, was a proposition of law that would hardly have been disputed even without the authority of the Supreme Court in its support.

No proceedings looking to the forfeiture of the company's charter have ever been inaugurated in any department of the Government, the United States apparently preferring that the company operate its line of road under its charter, and being satisfied, so far, to try and make provision for a sinking fund sufficient to wipe out the debt of the Government when it matures, provisions for which have been signal failures, however.

The most important enactment in this line was the statute of May 7, 1878 (20 Stat., 56), commonly known as the Thurman Act. This statute, which applied only to the Central Pacific and the original Union Pacific roads, grew out of the following conditions and circumstances: At the time of the passage of the Pacific railroad acts of 1862 and 1864, especially when the latter act was passed, it was believed in Congress that the amount which would be realized from the 5 per cent of net earnings and the one-half of the compensation for services rendered for the Government would be amply sufficient as a sinking fund to wipe out the entire Government debt at its maturity. It did not take long after the completion of the road, however, to demonstrate that that expectation would not be realized. The decision of the Supreme Court in 1875, in United States vs. Union Pacific (91 U. S., 72), commonly called the "Interest Case," in which it was held that the company could not be compelled to reimburse the United States for current interest paid on the subsidy bonds until the maturity of the bonds, intensified the situation, and it became a serious question in Congress as to what proceedings should be taken to provide a sinking fund sufficient to wipe out the Government debt at its maturity, it being thoroughly understood by that time that existing provisions of law were wholly inadequate for that purpose.

The result of the consideration given that subject in Congress was the Thurman Act, which provided, among other things, not essential to the present inquiry, that the entire compensation for Government services should be retained and covered into the Treasury of the United States—one-half to the credit of the account for the reimbursement of interest and one-half to the credit of a sinking fund, created by the third section of the act, for the liquidation of the amount which might be due the Government at the maturity of the subsidy bonds. This sinking fund for the Union Pacific was to be made up of the amount just mentioned and such annual sum, not exceeding \$850,000, as, added to the whole compensation for Government services and the 5 per cent of net earnings, would together equal 25 per cent of net earnings of the company, and was to be invested by the Secretary of the Treasury in United States Government bonds, preferably 5 per cent bonds, and the income was to be semiannually invested in the same securities.

It was confidently believed by the authors and promoters of the Thurman Act in Congress that the provisions contained therein, to which we have referred, would solve the whole problem of the Pacific railway debt. It was predicted with great assurance that the amount annually paid into the sinking fund, accumulating at compound interest at the rate of 5 per cent semiannually, would be amply sufficient at the maturity of the Government debt to pay it all off at that time; but, like many other apparently well-laid plans, it has been a practical failure, as will be presently shown.

The companies resisted the Thurman Act on the ground of its unconstitutionality, it being claimed that it impaired the contract relations between the United States and the roads, was not due process of law, and destroyed vested rights which had grown out of the legislation of 1862 and 1864. At October term, 1878, the question came before the Supreme Court in the Sinking-Fund Cases (99 U. S., 700), and was disposed of adversely to the contention of the railroad companies. A majority of the court united in pronouncing the act constitutional, three of the justices dissenting. In delivering the opinion of the court Mr. Chief Justice Waite, after an exhaustive examination and consideration of the various questions presented, said:

"It is sufficient now to say that we think the legislation complained of may be sustained on the ground that it is a reasonable regulation of the administration of the affairs of the corporation and promotive of the interests of the public and the corporations. It takes nothing from the corporation or the stockholders which actually belongs to them. It oppresses no one and inflicts no wrong. It simply gives further assurance of the continued solvency and prosperity of a corporation in which the public are so largely interested and adds another guaranty to the permanent and lasting value of its vast amount of securities. The legislation is also warranted, under the authority, by way of amendment, to change or modify the rights, privileges, and immunities granted by the charter. (99 U. S., 726.)"

As above stated, the Thurman Act has failed as a means of discharging the Government debt at its maturity. Several causes have contributed to this result. In the first place, the net earnings of the company, under the decisions of the Supreme Court in the "Net Earnings Cases," Union Pacific Railroad Company vs. United States (99 U. S., 402), in which it was held that, in ascertaining what are net earnings, expenditures for new construction and new equipment should be deducted from the gross earnings of the road, are very much less than was contemplated by the Thurman Act, since the Union Pacific Company adopted the policy of constructing branch lines of road and deducted such expenditure from its gross earnings.

Secondly, the Secretary of the Treasury, having been restricted by the act to investing the sinking fund in United States bonds of a certain kind, has been unable to obtain those bonds in the market, except at a considerable premium, sometimes as high as 35 per cent. The result has been that a large sum of money belonging to the railroad company has often lain in the Treasury for a considerable time uninvested; and, even when invested at the high premium, the income has been very much less than 5 per cent semiannually, as the authors of the act anticipated, being not to exceed 3 per cent.

Moreover, the rates of fare and prices for transporting freight have decreased, by reason of sharp competition with other roads and other causes, and the amount realized from those sources has been much smaller than was anticipated. So that, as a matter of fact, the sum at present in the sinking fund, after accounting for accrued interest and the investments made, is but little in excess of what it would have been had it lain idle in the Treasury and never been invested at all; and it will largely fall short of meeting the objects and purposes of the act of 1878. The Thurman Act was amended by the fifth section of the act of March 3, 1887 (24 Stat., 488), so as to give the Secretary of the Treasury a broader discretion in the matter of investing the sinking fund. That section is as follows:

"SEC. 5. That the sinking funds which are or may be held in the Treasury for the security of the indebtedness of either or all of said railroad companies may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of either or all of said companies, or in any of the first-mortgage bonds of either of said companies which have been issued under the authority of any law of the United States and secured by mortgages of their roads and franchises, which by any law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to either of said companies as provided by law."

The Central Pacific:

The Central Pacific Railroad Company of California was incorporated under the laws of that State on the 28th of June, 1861, with a capital stock of \$3,500,000, for the purpose of constructing, owning, and operating a line of railroad and telegraph, commencing at Sacramento and running east to the eastern boundary of the State. Its promoters were desirous of opening up a line of railroad communication to the rich mineral regions of Nevada, just then being opened and developed, and eventually of making a connection with a line of road from the East, which it was then supposed was about to be constructed under the authority and supervision of the United States Government. The Western Pacific Railroad Company was also incorporated about that time, under the general railroad laws of California.

All these California railroad interests sought the aid of the United States in carrying out the purposes of their creation; and, accordingly, in the ninth section of the original Union Pacific act of July 1, 1862, it was provided that—

The Central Pacific Railroad Company of California, a corporation existing under the laws of the State of California, are hereby authorized to construct a railroad and telegraph line from the Pacific coast, at or near San Francisco or the navigable waters of the Sacramento River to the eastern boundary of California, upon the same terms and conditions, in all respects, as are contained in this act for the construction of said railroad and telegraph line first mentioned, and to meet and connect with the first-mentioned railroad and telegraph line on the eastern boundary of California.

The tenth section of the act gave the Central Pacific the right, after constructing its road through California, to proceed in the construction of a railroad on through the Territories to the Missouri River, including the eastern branch lines provided for, until it should meet and connect with those eastern lines, and thus form one continuous line. By the sixteenth section of the amendatory act of 1864 the Central Pacific was restricted to building its line to 150 miles east from the California line; but by the second section of the act of July 3, 1866 (14 Stat., 79), this restriction upon the Central Pacific was removed, and it was permitted to continue the construction of its road until it should meet and connect with the Union Pacific, as originally provided for in the act of 1862.

The Central Pacific Company commenced the construction of its road from Sacramento eastward under the act of 1862, and had completed 31 miles prior to the passage of the amendatory act of 1864. It afterwards, on October 31, 1864, assigned to the Western Pacific Railroad Company the right to construct that portion of its road from Sacramento south to San Jose, and by the act of March 3, 1865 (13 Stat., 404), this assignment was confirmed by Congress, with this proviso:

"That the time within which the said Western Pacific Railroad Company shall be required to construct the first 20 miles of their said road shall be one year from the 1st day of July, 1865, and that the entire road shall be completed from San Jose to Sacramento, connecting at the latter point with the said Central Pacific Railroad, within four years thereafter."

The other legislation of Congress respecting the Central Pacific Railroad Company has been sufficiently described in that relating to the Union Pacific, and nothing need be added. A reference to it is enough for present purposes. Neither is it the purpose to go into the history of the construction of the roads which are now a part of the Central Pacific system. That matter was examined into by the investigating committee of 1887 and in their report, from page 68 to 86, inclusive, they have treated the subject very fully. (Ex. Doc. No. 51, Fiftieth Congress, first session.) It is only necessary to say that the Commission found that, in the construction of these roads, large profits were made which, through the medium of various construction companies composed of the main stockholders and directors of the Central Pacific Company, were turned over to these same stockholders and directors; and the amount of those profits were regulated by those same stockholders and directors and by them only. In round numbers it was found that the profits accruing to these directors and promoters of all the lines of the present Central Pacific Railroad Company amounted to nearly sixty-two and one-half millions of dollars, the cost to them being nearly fifty-eight and one-third millions of dollars, and the cost to the company nearly one hundred and twenty and three-fourths millions of dollars in bonds and stock and cash.

It is but just to say, however, that these directors and promoters of the Central Pacific have always claimed that the roads were constructed in the only way and by the only means that presented themselves, and that the profits realized were not such as the commission found them to be, but were, in fact, nothing whatever at the time of the completion of the roads, the contractors having been paid in depreciated bonds, stocks worth very little at that time, and what cash they received having been long before expended in the construction of the roads. Those matters, however, are not of vital concern here, and are referred to only as matters of equity, to be considered in any adjustment that may be made of the present debts of the company.

By consolidation of various roads the bond-aided line of the Union Pacific, about 1,400 miles in length, is part of the Union Pacific "system" of \$3,000 miles.

The aided Central Pacific is now and since 1870 has been part of the Central Pacific "system," the result of consolidation.

The indebtedness of these aided roads to the Government is, in round numbers, over \$130,000,000.

The Union Pacific is in the hands of receivers, entailing enormous expenditures.

Owing to construction of competing lines, such as the Northern Pacific, and the Canadian Pacific earnings have largely diminished, and these roads, in common with many of the best roads in the country, have sustained great losses.

From 1880 to 1890 the railroad funded debt of this country increased from \$2,392,000,000 to \$5,463,000,000. It is stated in the Bankers' Magazine for January, 1891, that there had been a shrinkage of fifteen millions in the stock of the Chicago, Milwaukee and St. Paul, fourteen millions in Rock Island and Pacific, fourteen millions in New York Central and Hudson River Railroad, and seventeen millions in Union Pacific, while others had depreciated still more.

As stated in the editorial quoted, every commission and every bill reported to either branch of Congress has recommended the extension of the time of payment of the Pacific road's indebtedness.

The Senate committee which investigated the matter in 1887, following the work of the commission, reported that in its opinion the security of the United States on the property of the Central Pacific was inadequate, the property would be substantially ex-

hausted in satisfaction of the first mortgage, and it was inexpedient to redeem from the first mortgage or become the owner of the property, and that it is expedient, necessary, and practicable to secure the indebtedness to the United States by extending the time at a reduced interest.

President Cleveland in his message of January 17, 1888, transmitting the report of the Commission of 1887, said:

No one expects that these railroad companies will be able to pay their immense indebtedness to the Government at its maturity.

Any proceeding or arrangement that would result now or at any other time in putting these roads or any portion of them in the possession and control of the Government is, in my opinion, to be rejected—certainly as long as there is the least chance for indemnification through any other means.

Such means are afforded by the bill now under consideration.

Its terms may be briefly summarized as follows: The companies are to pay off the first liens which now precede those of the Government, for which purpose they may use their money now in the sinking fund, about \$20,000,000, leaving about forty-two millions to be raised by them. The execution of bonds and mortgages on all the aided portions of the roads, including terminals at Omaha, Kansas City, etc., which are not now covered by the Government lien, providing for payment of the entire indebtedness to the Government, with interest at 3 per cent, by semi-annual installments, within a period of fifty years; if default is made in any installment the whole sum to become due. All rights, remedies, together with all present securities, are preserved to the Government, the new bonds and mortgage to be collateral to the present Government lien. The authorization of suits, in the name of the company, to be conducted by the Attorney-General to enforce all rights and remedies of the Government. To insure entire accuracy, I shall print the bill entire as an appendix to my remarks.

I desire to state, first, that the burden of all that has been said against this bill—and the bill itself has been discussed very extensively—is unjust criticism and unfair statement, especially in reference to these payments, the preservation of our present lien, and all rights and remedies of the United States. By the provisions of this bill these payments which are to be made every six months for a period of fifty years, the percentage being computed by an actuary of the Treasury Department, will require the companies to pay every dollar which they owe to the Government of principal and interest, and in addition for all money paid by the Government heretofore, for interest bonds and in addition to that 3 per cent interest upon the amount due the Government from the time this proposition is accepted. That is the bill.

Any gentleman who desires to satisfy himself of these facts has only to take the bill itself and study out its provisions. It requires the companies to pay the first mortgage, applying the sinking fund, now about twenty millions, to that purpose. I desire to say now, particularly to my friend from California [Mr. MAGUIRE], that there is no lawyer upon this floor, outside of the delegation from the State of California, who will give his opinion of this bill, after he shall understand it fairly and right, who will say that it creates any novation or changes any security that the Government has to-day.

On the contrary, it expressly reserves any lien or right or remedy which the United States has to-day. The difficulty with many of the gentlemen who are opposing this bill is that they desire to set up their individual idea of what the law is rather than accept what the Supreme Court of the United States says the law is; for, on one contention and another, on the sinking-fund cases, on the Omaha Bridge case, on the Connecticut case, on the law of 1873, the Supreme Court have held views directly in opposition to the views contended for by gentlemen who are opposing this bill.

Now, in reference to the point which the gentleman from California makes as to the individual liability of these men, that depends upon the constitution of the State of California, and that constitution provides that "each stockholder in a corporation or joint stock association shall be individually and personally liable for such proportion of all its debts and liabilities, contracted or incurred during the time he was a stockholder, as the amount of stock or shares owned by him bears to the whole of the subscribed capital stock or shares of the corporation or association." (Article XIII, section 3.) This liability is an original one, and is incurred at the same time by the corporation and the stockholders.

It will be observed that this individual liability is only incurred "during the time he was a stockholder." It then becomes important to know when the liability to the Government was incurred. It is well known that our bonds were advanced as different sections of the roads were completed.

Gentlemen in opposing this bill thus far have confined themselves mainly to denunciation of Huntington, Hopkins, Crocker, and Stanford, the principal directors, stockholders, and officers of the original Central Pacific and of the Contract and Finance Company. I am not their defender, nor do I make any excuse for their

acts, but I wish to discuss this bill. And, Mr. Chairman, when the gentleman says that each of these four men who have been the rulers of California for so long—one of them, and he the chief, evidently with the consent of the people of California, for they have sent Leland Stanford here by repeated elections—when he says that these four men, or their estates, can be held responsible for this indebtedness, I call attention to the fact that it is not stated or shown in any part of these 6,000 pages of testimony that they had more than a half dozen shares of stock each at the time this indebtedness was incurred.

And when the gentleman from Wisconsin says that these men had thirteen millions each of the stock of the Central Pacific, that they had each a quarter of the stock, some thirteen millions, that was after the Central Pacific and the Western Pacific had been consolidated, years after this indebtedness was incurred—so that it is mere idle denunciation to say that the Government has any remedy against these men under the constitution of California and the laws of that State.

Another thing. Crocker died years ago and his estate is closed. The other Crocker is dead and his estate is closed. Stanford is dead, and the claim of the United States against him as a stockholder, in which it is sought to establish his individual liability, is pending against his estate. Huntington is living, and a suit may be brought against him for whatever is in it. But I am entirely satisfied, and I believe the lawyers upon your committee are satisfied, the Attorney-General of the United States is satisfied, and the special attorney-general of the United States in special charge of this matter is satisfied that there is no valid claim which amounts to anything against these men individually. So far as the liability of these men as directors is concerned, it should be remembered that the owners of all the stock of a corporation, unfortunately, may do what they see fit with it except as to the rights of creditors.

Now, whatever rights we have as a creditor are preserved under this bill. Section 8 provides that the statutory lien created and subsisting under and by virtue of the act of Congress approved July 1, 1862, and the act of July 2, 1864, and the act of May 7, 1878, and under any and all other acts of Congress, to secure the payment of said subsidy bonds and the interest thereon, as set forth in said acts, and upon all the property subject to said statutory lien, shall be and remain in full force for security for the debts owing by each of said companies mentioned in this act to the United States, until the same are fully paid.

And section 14: That the said companies accepting the provisions of this act, and each of said companies, shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity, or other proceedings, to be instituted and prosecuted in the name of said company or companies against any person who is, or has been, a director, officer, agent, or employee of the said company, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever, in respect of which the said Department of Justice shall allege that it desires such action, suit, or other proceeding to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said company or companies to appear for them or it as attorney or solicitor in such actions, suits, or proceedings, and shall have the entire control of the same from the inception thereof to the end of such prosecution, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid to the Treasurer of the United States, and by him applied as payment upon the lowest numbered bond or bonds of the company interested in such recovery outstanding under the provisions of this act; the balance remaining after all said bonds are paid shall be paid to the company in whose name the said sums were recovered.

And section 18 contains the following, in the identical words of the Thurman Act:

And nothing herein contained shall be held to deny, exclude, or impair any right or remedy in the premises now existing in favor of the United States.

Whatever right we have to follow these men is expressly saved by this bill. There has been no innovation. There has been no abandonment of any remedy. There has been no desire on the part of any member of the majority of the committee or on the part of any gentleman supporting this bill to give any vote or take any action which shall prevent the Government of the United States from collecting every dollar that is due to it. The majority of this House, I think, does not wish to tax the people of the United States for the purpose of buying or building a railroad to cheapen freight for the people of California or Nebraska, or other

territory along the line of the Pacific roads, at the expense of all the people of the United States, and that is what the opposition to this bill means.

That is why every provision of the bill has been either willingly misunderstood or unreasonably misstated. That is why gentlemen resort to a method which is always easy—to denounce somebody or something as a reason for not doing a particular thing. But if gentlemen will deal with this matter fairly they will see that the committee have desired, and that the bill shows that that desire has borne fruit, to preserve all the rights and all the remedies that the Government of the United States has to-day against these companies; that nothing will be lost by this bill; and that, on the other hand, if nothing is done now, the foreclosure suit already begun in the courts of the United States upon the first lien or mortgage on the Union Pacific and the other foreclosures against these railroads will exhaust the property, and the Government of the United States will entirely lose all of its debt unless it goes into the Treasury for \$62,000,000 and pays off the first-mortgage lien with the expenses incurred.

Suppose the Government buys the road. Unless it is to continue to operate it, it must lease it or sell it to some railroad company, and that company will make its own terms, which the people will consider onerous rates; that company will have a monopoly. And if instead of denouncing this bill as they have done, if instead of sending irresponsible slanders in the shape of circulars and newspapers by the cowardly slanderer who is now mayor of the city of San Francisco, the people of California would build a competing railroad alongside that of the Central Pacific they would give more benefit to the Pacific Coast than by any proposition which is suggested here for the consideration and the action of this House. It is a bad cause which must be advanced by such methods as have been used against this bill and against any bill in the interest of the people of the United States.

One of these lying circulars is an extract from the San Francisco Examiner, and is dated—

OFFICE OF ADOLPH SUTRO, 30 MONTGOMERY BLOCK,
San Francisco, August 1, 1896.

SIR: Please find herewith my first installment to your petition to Congress against the funding bill, consisting of 2,006 signatures.

What is going on in Washington? Why, it is attempted to bribe Congress into the passage of the so-called Pacific railroad funding bill—ten to twenty thousand dollars for a vote! Members at heart honorably inclined may weaken under the pressure of poverty and will lull their consciences to sleep under subtle arguments that the measure is righteous and beneficial to the Government; and some fine morning you may wake up and find in the telegraphic dispatches from Washington that the funding bill has passed the House of Representatives. If ever passed through the House it is almost sure to pass a corporation Senate, and the only hope then remains in President Cleveland's veto power. Will that be exercised? This is the question no one can decide, but let us hope that it will.

Sign the petition without delay. Let the numbers embrace almost every man on the Coast, and Congress can not well ignore the vote of the people.

Very truly yours,

ADOLPH SUTRO.

To the EDITOR OF THE EXAMINER.

I can not do justice to this infamous libel without quoting the exact words. I denounce these statements as lies. I denounce the author of them as a liar and a coward. It is an insult to the House of Representatives and a crime against the laws of the country to send such vile stuff in the mails. If Adolph Sutro is sane he should be serving time in prison!

Here is another specimen, evidently from the same source. Extracts from Huntington's letters to Colton, all dated in 1874-75, were inclosed in wrappers with a statement in large type like this—

DECLARATION OF HUNTINGTON THAT CONGRESSMEN ARE FOR SALE.

Hon. ———, M. C.

U. S. House of Representatives,
Washington, D. C.—

and sent through the mails to members of this House. It will be seen that this statement is made to apply to members of this House. I am too indignant to ignore these cowardly slanders and treat them only with silent contempt.

Gentlemen have complained of the limited time, three days, allowed for debate on this bill. The Committee on Pacific Railroads desire the fullest debate on this bill; and but for the action of the gentleman from California [Mr. CAMINETTI] this morning we would have had further time for general debate, for it is a bill in which the five-minute debate is practically useless. The gentleman from California [Mr. MAGUIRE] would have had at least an hour, as he should have had; and we would have had sufficient time to reply.

Treat this matter fairly; give to the language of this bill the plain English meaning that it is entitled to; and judging it in that way, not by the wish of those who want the Government to embark upon the Government ownership of railways, or of the small community which rebels against what they consider onerous charges for freight and transportation, you will see that the bill is not amenable to the objections which are made against it.

It saves all the rights of the Government; it embodies a reasonable, business-like proposition for the collection of all the debt and all the interest due the Government.

I could wish that instead of a few hours' debate this debate might be extended for days, in order that every member might have an opportunity to understand the measure.

One word about the time when the bill came before the House. This bill was reported last July; and from that day to this the Committee on the Pacific Railroads, at least a majority of that committee, have been endeavoring to have the bill brought to the attention of the House. We have not desired to limit the consideration to two days or three days or any special time. We desired the fullest investigation and discussion. But I ask gentlemen not to be carried away by misstatements or denunciations.

Every commission that has ever investigated this matter, every President of the United States that has given it attention, every House committee or Senate committee that has had charge of the subject have united in recommending—at least a majority of them—the ideas embraced in this bill. Of the Pacific Railway Commission, which took thousands of pages of testimony on this subject, two of the three members unite in favor of this idea. Every man who is in favor of an intelligent adjustment of the debt due the United States and does not look beyond to something that most particularly affects his own locality, as it seems to me most of those who have given especial attention to the subject do, has favored this bill. If it were not for the fact that in the State of California the very name of the Pacific Railroad has been a rallying cry for parties on this question we should have no difficulty in intelligibly discussing it.

Now what does all this opposition and denunciation mean? The United States Government is asked to follow these stockholders or rather their estates, for only one of them is living, in proceedings for the misapplication of the funds of these companies. The Supreme Court, construing the law passed in 1873, said that the Government was not then in a position to raise any question of that sort. Gentlemen on this floor say that these companies have not performed their agreement. The Supreme Court of the United States in that case said that the Government could not inquire into this question then, because the companies had performed all their agreements. And to-day they have performed all their agreements so far as the law requires, as determined by the Supreme Court.

The Supreme Court of the United States held that they could not be called upon to pay the interest until the debt had matured. The mistake was made in 1864, when the Government lien was subordinated to that of the first mortgage upon the railroad. From that day to this we have been in the position of a second mortgage.

Gentlemen ask, How will this money be raised? This road is mortgaged with second, third, fourth, and still later mortgages. That question has been partially answered in the memorial of the Union Pacific Company, which has been sent to the members of the House.

How will it be done? In the New York Times of February 1, 1895, appears the following notice:

REORGANIZATION OF THE UNION PACIFIC RAILWAY SYSTEM.
OFFICE OF THE REORGANIZATION COMMITTEE.
80 Broadway, New York City.

Referring to the previous notice, the undersigned committee invites bondholders and stockholders of the Union Pacific Railway Company and of other companies comprised in the Union Pacific system to deposit their securities under a preliminary agreement which has been prepared for their protection. Copies of this agreement specifying the securities may be obtained from either of the depositaries.

Deposits may be made with The Mercantile Trust Company, New York City; The American Loan and Trust Company, Boston, Mass.; J. S. Morgan & Co., London, England; Adolph Boissevain & Co., Amsterdam, Holland.

The agreement provides that in case any depositor shall be dissatisfied with the plan of reorganization when submitted by the committee, or in case no plan shall be submitted before the 4th of March next, he may withdraw his securities without charge within thirty days thereafter.

As soon as possible application will be made to list the certificates of deposit upon the stock exchanges of New York, Boston, London, and Amsterdam.

JULY 10, 1891.

CALVIN S. BRICE,
J. PIERPONT MORGAN,
LOUIS FITZGERALD,
GRENVILLE M. DODGE,
A. A. H. BOISSEVAIN,
H. L. HIGGINSON,
SAMUEL CARR,
L. M. SCHWAN,
W. E. GLYN,
FRANCIS LYNDE STETSON,
JOHN W. SIMPSON,
VICTOR MORAWETZ,
Committee.
Secretaries.
of Counsel.

The junior lien holders, stockholders, and others interested in these properties must protect themselves against the loss of this property under prior liens. These men have evidently got together; they have appointed a purchasing committee; and the stock-

holders or the junior lien holders must come in and pay the amount of money which in addition to the sinking fund is necessary to pay off the first mortgage. That is necessary in order to make this bill effective and to protect the property from disintegration and loss.

In my brief time it is not possible to enter into anything like a full discussion of this matter, but I desire especially to assure my friend from California that the objection this morning to his having five minutes additional time was prompted by the fact that the chairman of this committee had just been refused a similar extension. And if he had more time in the opening of the debate, it all came out of the time allowed to this side of the question.

Mr. SWANSON. Allow me a question. How many junior mortgages are there—how many mortgages subsequent to that of the United States?

Mr. WEADOCK. Five or six—possibly more.

Mr. SWANSON. What do they aggregate?

Mr. WEADOCK. Some \$91,000,000.

Mr. SWANSON. What are they quoted at in the markets?

Mr. WEADOCK. I can not answer that question.

Mr. SWANSON. Are they worth anything?

Mr. WEADOCK. Oh, yes.

Mr. SWANSON. Then if the mortgages subsequent to the mortgage of the United States are worth something, if they are selling fairly in the market to-day, why is not the whole mortgage of the United States good?

Mr. WEADOCK. Because if you should sell the road you could not get much or anything more than the amount of the first mortgage, and as these junior lien holders have other securities, the market value of their securities do not warrant the gentleman's conclusion.

Mr. REILLY. The other mortgagees have as their security hundreds and hundreds of miles of railway upon which the Government of the United States has no lien.

Mr. SWANSON. Roads which were not subsidized?

Mr. REILLY. Yes, roads which were not subsidized; roads which are not bond-aided roads, although they are part of the general system.

Mr. SWANSON. The Union Pacific stock is subject to the entire indebtedness?

Mr. REILLY. Yes, sir.

Mr. SWANSON. Why the stock of the Union Pacific is quoted to-day at 10½.

Mr. REILLY. It is worth only 8 or 9 cents on the dollar.

Mr. SWANSON. It would not be worth a cent, as I understand, then, unless the United States Government debt is good?

Mr. REILLY. No, sir.

Mr. SWANSON. I understand the gentleman to admit that this stock is selling at eight or nine or ten dollars a share. Now, there are some ninety odd millions of dollars of securities subsequent to the United States lien. We have a second lien of the Government on all of the roads. What would be the character of the Government security in the event that the settlement is made as you suggest here? What the value of the subsequent liens.

Mr. REILLY. I did not catch the gentleman's point.

Mr. BELL of Texas. If the gentleman will yield to me I think I can explain this matter.

Mr. WEADOCK. Certainly, I will yield.

Mr. BELL of Texas. There are 1,600 miles of these subsidized roads of the Union Pacific system and 8,000 miles of the entire system. The subsequent mortgages cover the 1,600 miles as well as the 8,000 miles—

[Here the hammer fell.]

After several members had addressed the committee, Mr. WEADOCK resumed and concluded his remarks, as follows:

Mr. WEADOCK. In answer to the amendment of the gentleman from Arkansas [Mr. McRAE] I desire to say that his objection to dividends is already covered by the eleventh section of the bill.

Mr. McRAE. That provides 4 per cent. Mine provides none.

Mr. WEADOCK. No; it provides no per cent.

Mr. Chairman, this section goes on to provide that no dividend shall be paid as long as these companies are in arrears to the Government, or any payment of principal or interest, and except so far as the provisions for fine and imprisonment are concerned there is no difference between the amendment offered by the gentleman from Arkansas and the bill; and so far as I am personally concerned I have no objection to the fine or imprisonment if gentlemen desire to add that section.

Now, in answer to the gentleman from Virginia I want to say that the Supreme Court, under the law of 1873, held that only the company could call these directors to account for their misdoings, so far as the corporation was concerned, and these directors themselves owned the stock of the company, so as a matter of fact they were the company, and so far as the United States Government is

concerned, that it could not proceed against these people until they were in default, and when a default had arisen, then that these men, who were the trustees of their own wrong, might be forced to an accounting for the property which they should have applied to the payment of the debt of the United States. And there is not a line in this bill which would prevent the maintaining of that remedy still, especially as in the last section of the bill we provide, in the identical language of the Thurman Act, which has been sustained by the Supreme Court of the United States, that every right and remedy which we have we preserve against those men.

And side by side with that provision the Attorney-General of the United States is authorized by this bill, and is authorized by the law as it stands to-day, to institute proceedings in the courts against these men for the purpose of calling them to account for any malfeasance or for any misapplication of funds.

One word in respect to the securities which the junior mortgagees hold. The Government lien extended, by the decision of the Supreme Court, only to the 1,400 miles of the bond-aided line. These junior securities apply not only to this, but to the entire Union Pacific system, consisting of some 8,000 miles. So far as the stock is concerned, the holders of the stock control the company.

They elect the directors, who elect the officers, and thus they manage the company, notwithstanding all of these things that are sought to be done by the directors and officers. For the present this Union Pacific is in the hands of receivers, and whatever value this stock has in the market comes from two reasons. One is the speculative value, as to whether or not it may not be worth more in the future, and the other is the value it has by reason of the fact that it gives to the stockholders control of the company; and so far as the right of property is concerned in the Government in both the Central and the Union Pacific railroads it is not worth one cent on the dollar as an investment.

Now, these stockholders and junior lien holders, if the money is raised for the purpose of paying off the first mortgage, must give that or some other security or stock for the purchase of the debt, or they will levy upon themselves assessments for the purpose of paying off this first-mortgage debt, just the same as if a merchant had a mortgage upon his store and stock and parties had claims against him with a first mortgage prior to theirs—they would have to make a pro rata assessment upon the whole interest if they wanted to come in; before receiving any money they would have to pay off the first mortgage as contemplated by this bill.

Mr. SWANSON. Will the gentleman yield to me for a question?

Mr. WEADOCK. Yes, sir.

Mr. SWANSON. As I understand, the United States has had no opportunity to test in court as to whether it could attach the real and personal property of these parties and place it to the credit of the public debt of the United States.

Mr. WEADOCK. The United States has had that opportunity for twenty-one years under the law of 1873.

Mr. SWANSON. They could not do it until the debt had matured. Do you not think it would be best to let that be decided first? Let the test be made as to whether the estates are good for a sufficient amount to pay off the indebtedness due the United States. Then it will be time enough to offer a compromise.

Mr. WEADOCK. Mr. Chairman, the Supreme Court held that that goes on until the mortgage is foreclosed, or until there is a judgment for a deficiency against the company. If you are to follow these men, the stockholders, their descendants and estates, it means a foreclosure; it means an assessment on the first mortgage by the Government; it means a foreclosure of the second mortgage; it means the destruction of the security before you can pursue these men. It means suits against men who have been dead for thirty years. It means interminable litigation that nobody will live to see the end of, and I do not believe the remedy is worth anything.

The gentleman from Kansas [Mr. HARRIS], who wants the Government to own these railroads, said that "all the great newspapers of the country were getting on the right side of this question," meaning that they opposed this bill. Allow me to call your attention to a great newspaper, the New York Tribune, which on the day before yesterday, January 31, contained the following editorial:

THE PACIFIC RAILROAD DEBT.

By its action yesterday, allowing portions of three days for discussion of the bill refunding the debts of the Pacific roads to the Government and directing that a vote be taken on Saturday, the House of Representatives has manifested a disposition to treat one business matter at least in a business way. It does not follow as a matter of course that a decision of the question, so far as the House is concerned, will certainly be reached this week. For, in the first place, this Congress has a rooted antipathy to making a final settlement of anything, and in the second place, the men who have been striving many years in Congress and out to bring about Government ownership and operation of railroads do not mean to be balked of their purpose, if it is within the possibilities of parliamentary tactics to effect it. They have long looked upon the occasion of the maturing of the Pacific railroad bonds as the golden opportunity to force their scheme upon the Government.

Repeatedly during the last ten years a majority of both houses of Congress have favored the passage of funding bills looking to a settlement of the whole question, but as often they have been defeated by tactical maneuvers and filibustering proceedings on the part of the advocates of Government control. And always when the subject has been agitated these gentlemen have managed in Congress and the newspapers to divert attention from its consideration as a business proposition between debtor and creditor by thrashing over the old straw of Credit Mobilier scandals and the Gould-Sage management of the Kansas Pacific consolidation. The objective point, however, was always the same—Government control and operation of railroads. During this period every Secretary of the Interior, every Secretary of the Treasury, every Commissioner of Railroads, every board of Government directors, a majority of the investigating commission of 1887, and President Cleveland twice in his annual messages have recommended the refunding of these debts on substantially the same lines as those laid down in the bill now pending in the House. Notwithstanding which the opponents of any plan of settlement have succeeded in staving off final action year after year, until now the approaching maturity of the bonds of all classes makes it imperative upon Congress to act. Even now the advocates of Government purchase and control are unwilling to meet the question squarely and let Congress decide between the two alternatives—to agree upon terms of refunding and settlement, or take possession under foreclosure proceedings and operate the roads.

The turbulent proceedings in the House yesterday over the order of the Committee on Rules providing for a vote this week may be taken as an indication that the same old tactics are to be resorted to which have been so effective heretofore. They will not permit a vote to be taken, if they can prevent it. Foreclosure proceedings have already begun on the first-mortgage bonds of the Union Pacific, to which the Government lien is subordinate. To prevent the forfeiture of its own claims the Government will be under the necessity of asking postponement of these cases. In view of the fact that the Union Pacific makes a proposition to pay off these prior incumbrances as one of the conditions of settlement, the Government is acting the part of the dog in the manger in refusing to move in the matter, and that is what the opponents of the pending bill are anxious to accomplish.

Meantime, it is a fair question for the consideration of Congress which of the two alternatives it will adopt. There is no excuse, indeed, for not meeting it squarely. Legislation of one sort or the other is an imperative and urgent necessity if Congress means to maintain either the credit or the dignity of the Government. If the advocates of Government control are in a majority, they must provide by legislation for carrying out their experiment. There is no authority now for their taking the first step in that direction. If, on the other hand, a majority are in favor of making a settlement with the companies by an extension of the debt, it is equally necessary for this Congress to pass a bill for that purpose.

The gentleman from Kansas, my esteemed colleague on the committee, said also, in answer to my question, that he favored the Government ownership of railroads.

Is not that the real ground of his opposition to the bill?

In his minority report, in which the other two members of the minority did not join, he said:

Transportation has become a great and universal public necessity. It has been the duty of the State from time immemorial to provide highways and all the means and channels of communication and commerce. It is a growing and ever-increasing necessity, and with the greater interdependence of the various portions of the country upon each other the duty of the State becomes more and more imperative to see that this vast power is exercised for the general good, and as rapidly as possible to resume and directly exercise its functions. The highways of a country belong to the State, and transportation over them is not a mere matter of merchandise to be sold or refused solely as private interests or avarice may dictate.

I believe that foreclosure of the Government lien should at once follow default in payment and that a complete transcendent line should be acquired and operated by the only competent and legitimate power, the people, through their Government.

The gentleman from California [Mr. MAGUIRE] also advocates Government ownership; and much of the opposition to this bill comes from the region which the roads traverse.

The Denver Chamber of Commerce on December 7, 1894, memorialized Congress upon the subject, and said, *inter alia*:

And your memorialists further pray your honorable body to enact a law directing the proper officers of the Government to pay off the first mortgage on those parts of the main road, without doing which it has no security, extending from Council Bluffs, Iowa, and Kansas City, Mo., via Denver, to complete that line via Cheyenne, to Sacramento, Cal., and to foreclose the same under the first mortgage and Government lien, or second mortgage, which it holds and will acquire upon the same, the property being exceedingly valuable, and the Government being abundantly able to secure all the money necessary to do so for its consols, to be issued in denominations from \$50 to thousands of dollars, to be placed with the people of the United States and savings institutions as safe investments, secured upon the property, at 3 or 2½ per cent, instead of 6 per cent, as paid at present, per annum, which the net revenues therefrom will pay, and also a fair percentage on the Government's present interest, now only secured by said second mortgage.

And your memorialists further pray that the Government shall be authorized to operate said through line of its railroads by a department to be established for the purpose similar to the Post-Office Department, in order that the Government may receive a fair consideration for its property, without oppression; the other parts of the "system" to be left to a fair adjustment in each separate case according to the legal rights of the parties.

Against this declaration I place the resolution adopted by the National Board of Trade at their recent session in this city:

To the honorable the members of the Senate and House of Representatives in Congress assembled:

The undersigned, a committee of the National Board of Trade, appointed for the purpose, respectfully ask your consideration of the following resolutions unanimously adopted by the National Board of Trade at its convention in Washington, January 31, 1895, alluding to the adjustment of the debt of the Pacific railroads.

Respectfully, yours,

F. B. THURBER, of New York.
DAVID MCMINAMEN, of Pennsylvania.
ALDEN SPEARE, of Massachusetts.
E. P. WILSON, of Ohio.
H. F. DOUSMAN, of Illinois.

III. Subject: Government ownership of railroads and the adjustment of the debt of the Pacific railroads.

Whereas it has been recently proposed that the Government should acquire

and operate the Union and Central Pacific railroads instead of extending its lien thereon; and

Whereas there is perhaps no branch of business which so much requires for its successful conduct the stimulus of private interest, coupled with the best administrative ability, as that of railroads:

Resolved, That the National Board of Trade deprecates all movements looking to the Government ownership of railway lines, but strenuously advocates a wise, firm, and continuous supervision over the operation and management of these great agencies in all matters affecting their relations with the public in the conduct of interstate commerce.

Resolved, In the judgment of this Board the bonded indebtedness of the Pacific railroads to the Government should be extended on the best terms practicable, and to this end we recommend the passage of the bill known as the Reilly bill, now pending in Congress.

In Senate Miscellaneous Document No. 276, second session Fifty-third Congress, the Interstate Commerce Commission sent to the Senate a collection of statements relative to foreign railway ownership and operation from which it will be seen that notwithstanding lower wages paid the rates for travel and freight are higher than in this country. I may be permitted to add my personal experience on Government railroads in Austria-Hungary, Germany, Belgium.

AUSTRALASIA.

About five-sixths of the mileage in Australasia belongs to the various colonial governments. These roads were built principally with moneys derived from large loans negotiated by agents-general, and their value forms one of the principal assets for the public debt. The management of the Victorian and New South Wales railways having resulted in various abuses, they were, about the year 1884, placed under the direct management of a nonpartisan commission. In addition to the management of existing roads, this commission has charge of the construction of new lines.

COMPARISON OF FREIGHT AND PASSENGER RATES ON GOVERNMENT-OWNED ROADS AND ON ROADS IN THE UNITED STATES.

The freight charges on the Australasian railways are considerably greater than on the lines in the United States. It is said, however, that there are circumstances which should be taken into consideration in comparing the charges of the two countries. The people here, nevertheless, are constantly clamoring for a reduction of the rates. The farmers in Victoria insist that it will not pay them to grow grain unless they can get a reduction of fully 50 per cent on the present rates. (Consular Report No. 67.)

A word may be required as to American rates. No doubt we in Australia will never be able to obtain rates as low as those that prevail in the United States, our conditions being radically different; but the extraordinary thing is that the assertion should be persisted in that our Victorian rates are lower than those that are charged in America. The force of mendacity could scarcely further go. In one sense there are no American rates to quote. There are a thousand and one railways in America, and each line has its own schedule, and any fancy list can be prepared. The inquirer can only deal with averages, and taking averages there is no doubt possible. The current number of the *Fortnightly Review* is tolerably accessible to most people, and the inquirer has but to open the article by Mr. J. S. Jeans on the railway subject and he will find the allegation that freights on the United States lines are the lowest in the world.

Mr. Jeans adds: "There is no need for any controversy on this point. The fact is set out in the clearest possible light in the published accounts of the principal American railways. The Pennsylvania system may be taken as a typical case. Over a large portion of this vast system—the largest and most important on the face of the globe under one designation and control—the average ton-mile rate in 1900 was less than a farthing per ton per mile. The average ton-mile rate for the whole system was three-tenths of a penny. That is to say, that throughout this great organization, the average for goods of all classes, first-class goods, second class, and so on, was just over a farthing per ton per mile, while in Victoria, the average for all classes would be more like 3 pence per ton per mile; and it is obvious that wheat and similar low-priced goods may be carried over the Pennsylvania lines at rates which appear to us to be nominal."

Still, when the average American rate for wheat is under one-fourth of a penny per ton per mile, and the average Victorian rate is 1 pence per ton and over, the handicap appears to be excessive. (Extract from the *Argus*, published in the province of Victoria, as contained in Consul-General Maratta's report of May 16, 1894, Consular Reports, volume 65, No. 167, page 579.)

The freight rates in the United States are, in general terms, only five-eighths of those charged on the continent of Europe, and a little less than one-half of those which prevail in Great Britain. (Gen. Horace Porter, *North American Review*, 1891, volume 153, page 718.)

The transportation charges in Russia are 40 per cent higher than in America. Working expenses there are 75 per cent of the gross receipts. (Consular Reports, volume 20, page 250, 1888.)

AUSTRIA-HUNGARY.

In Austria about 40 per cent of the railway mileage is owned, and about 75 per cent is operated, by the State. Upon the expiration of charters, not exceeding ninety years, the lines, lands, and buildings of the companies revert to the Government, but the equipment remains the property of the private owners. Before a railway is opened it must be approved by the minister of commerce. The tariffs of State roads are fixed by the Government; those of the companies are subject to revision by the Government every three years, and the Government has power to reduce rates, if the net earnings exceed 15 per cent on capital.

BELOIUM.

About three-fourths of the railway mileage in Belgium is owned and operated by the State. The roads not owned by the Government will, under the terms of their charters, ultimately revert to it. Railway affairs are administered by a Government "department of railways, post-offices, and telegraph." The laws regulate tariffs. Railways are exempted from taxation.

FRANCE.

At the present date by far the larger portion (about five-sixths) of the French railway system is operated by private companies, each company serving a definite territory and being comparatively free from the competition of other lines. But the railroad properties are ultimately to become the property of Government. This system is a mixed one of State and private ownership. The competition of the private lines compelled the Government to lease some of the State lines to the former. On account of the necessity for great additional taxation, the scheme of nationalization of the railway system was abandoned in 1883.

GERMANY.

In Germany nearly 90 per cent of the railway mileage is owned by the Government. Under the law, the Government is required to manage the railways in the interest of general traffic as a single system. It may cause the construction and equipment of roads and enforce uniform traffic and police regulations. Even the few private railways are controlled by State boards.

GREAT BRITAIN AND IRELAND.

The Government does not own any of the railways. There are stringent regulations provided by law and administered by the railway commission and board of trade. New lines can not be constructed without the sanction of Parliament. The act of 1844 provided that the Government should have the right to acquire any railroad constructed after its date by purchasing the same for a sum equal to twenty-five years' purchase of annual divisible profits, estimated on the average annual profits for the three years preceding the date of purchase. If, however, the average profit for such three years has been less than 10 per cent, and the company thought the purchase price based thereupon was inadequate because of the future prospects of the property, the matter was to be referred to arbitration.

Under this law, however, the Government was not empowered to take branches or extensions of old lines constructed after the date of the act unless it took the whole system, if the company required it to do so. This law, so far as it relates to the Government acquisition of railroads, has never been acted upon. Twenty-three years later (in 1867) a commission appointed by the Government to report on the subject stated: "We are of the opinion that it is inexpedient at present to subvert the policy which has hitherto been adopted of leaving the construction and management of railways to the free enterprise of the people, under such conditions as Parliament may think best to impose for the general welfare of the public."

ITALY.

Italy has tried both State and private railroads, and has come to the conclusion that it is not advantageous for the State to own and operate the railways. The result was a reorganization of the whole railway system. Under the present system private companies operate the State roads under contract with the Government. The contracts run for sixty years, the Government or the companies having the option to terminate them at the end of twenty or forty years' upon a two years' notice.

UNITED STATES.

The National Government does not own or operate any of the railways. It is stated that several of the States have tried ownership in a limited way. Illinois constructed a road at a cost of \$1,000,000, but disposed of it for \$100,000; Indiana had a similar experience; Georgia owns a railroad, but has found it expedient to lease it to a private company; Pennsylvania constructed a railroad from Philadelphia to Columbia, but subsequently sold it; Massachusetts, Michigan, and several other States tried the experiment without success. (Kirkman.)

The following table furnishes a comparison of average passenger rates per mile:

[Gen. Horace Porter, *North American Review*, page 718, volume 153, 1891.]

	First class.	Second class.	Third class.
	Cents.	Cents.	Cents.
United Kingdom.....	4.42	3.20	1.94
France.....	3.86	2.86	2.08
Germany.....	3.10	2.33	1.84
United States.....	2.12		

In Paraguay the first-class rate for passengers is 4½ cents. (Consular Reports, volume 20, page 644, 1889.)

The railway passenger rates in Great Britain may be taken generally as 4, 3, and 2 cents per mile for the first, second, and third classes, respectively. (Consular Reports, volume 40, page 280, 1892.)

Comparative summary showing average rates per mile for passengers and freight in various countries.

[Mail and Interstate Commerce Commission statistics of railways in the United States, 1888.]

Country.	Passenger (pence per mile).			Freight (pence per ton per mile).
	First class.	Second class.	Third class.	
United Kingdom.....	2.1	1.6	1	1.46
France.....	2	1.5	1	1.10
Germany.....	1.5	1.1	.8	.83
Russia.....	1.8	1.4	.8	1.20
Austria.....	1.9	1.4	.9	1.15
Italy.....	1.3	1.3	.9	1.25
Spain.....	2.1	1.6	1	
Portugal.....	1.8	1.4	1	
Sweden.....	1.5	1.1	1	1.00
Norway.....	.8	.5	.3	1.20
Denmark.....	1.6	1.1	.8	1.44
Holland.....	1.6	1.3	.8	.78
Belgium.....	1.2	.9	.6	.80
Switzerland.....	1.9	1.3	1	1.05
Greece.....	1.4	.9	.7	
Turkey.....	2.9	2.6	1.4	
Canada.....	.9			.61
United States.....	1.17			.80

* 1888.

NOTE.—Double the above figures to obtain rate in cents.

I do not believe that the best interests of our country demand Government ownership of railways, and the experience of the world shows that belief is well founded.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

APPENDIX.

THE REILLY BILL.

A bill to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1863; also to amend an act approved July 2, 1864, and also an act approved May 7, 1873, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies mentioned.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amounts of the respective indebted-

ness of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, the Central Branch Union Pacific Railroad Company, the Central Pacific Railroad Company, and the Western Pacific Railroad Company, to which the subsidy bonds of the United States were advanced in aid of the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, pursuant to the acts of Congress approved July 1, 1862, and July 2, 1864, as of the 1st day of January, 1895, to be computed and ascertained as follows:

First. To the total amount of the principal of said bonds of the United States shall be added the interest which shall then have been paid and the interest then and thereafter payable by the United States thereon, until the respective dates of maturity of said bonds, as if no payment had been made or credit given thereon.

Second. From the aggregate amount so ascertained shall be deducted any and all payments or credits of the said indebtedness to the United States as shall appear in the bond and interest accounts of said companies, respectively, with the United States, as of January 1, 1895.

Third. The present worth of the balance so found shall be computed as of January 1, 1895, by discounting the said balance at the rate of 3 per cent per annum for the period between the last-mentioned date and the average date of maturity of the said bonds of the United States. The amount so computed and ascertained shall be deemed to be the amount due to the United States on January 1, 1895.

SEC. 2. When the said companies, or either of them, shall provide as hereinafter required for the payment of the first-mortgage bonds issued by any of said companies which now have priority over the lien of the United States, the bonds of such company secured by a mortgage upon all its franchises and property as hereinafter authorized, shall be received as collateral security for the amount of its indebtedness to the United States, so as aforesaid ascertained, but all liens, mortgages, securities, and remedies under existing laws to secure the payment of said indebtedness are hereby continued in full force and effect. The bonds to be received by the United States shall be dated January 1, 1895; shall be payable, principal and interest, as hereinafter provided; shall bear interest at the rate of 3 per cent per annum, payable semiannually on the 1st day of January and July in each year, any overdue interest on said bonds being payable in cash at the time of delivery of the bonds, and shall be in such sums and in such form as the Secretary of the Treasury shall approve.

SEC. 3. That upon the acceptance of and compliance with the provisions of this act by the said Union Pacific Railroad Company and the said Central Pacific Railroad Company, and the delivery to the United States of such bonds as herein provided, the securities and moneys to the credit of the said company so accepting and complying, in the sinking fund, created pursuant to the act of Congress May 7, 1878, shall be disposed of as follows, to wit: All bonds held in said sinking fund, secured by first mortgage upon any part of the railway of such company covered by the existing lien of the United States, shall be canceled. All other securities and cash in said fund shall be applied in extinguishing, in such manner as shall be approved by the Secretary of the Treasury, any portion of the remainder of the bonds secured by said first mortgages; but said sinking fund shall not be so applied or available under the provisions of this act until said company shall have made provision satisfactory to the Secretary of the Treasury for the payment at or prior to the maturity thereof of all of said bonds secured by said first mortgage and the discharge of such mortgage.

SEC. 4. That the said Union Pacific Railroad Company, successor to the Union Pacific Railroad Company, and the Kansas Pacific Railway Company, and the said Central Branch Union Pacific Railroad Company be, and they are hereby, authorized to make, issue, and deliver to the Secretary of the Treasury each its certain indenture of mortgage, which shall bear date of 1st day of January, 1895, covering and embracing the entire property of the said Central Branch Union Pacific Railroad Company, real, personal, and mixed, and the property of the said Union Pacific Railroad Company as existing and constituted since the consolidation of the Union Pacific, the Kansas Pacific, and the Denver Pacific Railroad companies, effected January 24, 1880, including all the right, title, and interest of such company in any stocks, bonds, or securities, or lands, or any branch lines or auxiliary companies in which said company now has any interest, and which said mortgage shall cover and embrace the railway line of said company from Council Bluffs, Iowa, to the western terminal thereof west of Ogden, Utah, and from Kansas City, Mo., to Cheyenne, Wyo., by way of Denver, Colo., including all terminals at Council Bluffs, Iowa; Omaha, Neb.; Kansas City, Kans.; and Kansas City, Mo.; the Omaha Bridge, and all other terminal properties of said company, and all branch lines, so as to make said mortgage embrace and include the entire line of said company as constituted by said consolidation, extending from Council Bluffs, Iowa, to the terminal west of Ogden, Utah, and from Kansas City, Mo., to Cheyenne, Wyo., making a total mileage of 1,322.59 miles, and all railroads hereafter acquired or constructed by said company or companies, and all their franchises, telegraph lines, rolling stock, fixtures, and property of every kind and description, as well as that which it, its successors or assigns, may hereafter acquire subject to any bona fide, lawful, and paramount lien, claim, or mortgage. A proper and complete description and inventory of all property affected by such mortgage shall be prepared, under the direction of the Secretary of the Treasury, which, when approved by him, shall be filed in his office. But this section of said mortgage shall not be construed to prevent said company from using or disposing of any of its property or assets in the ordinary, proper, or lawful course of its business, in good faith and for valuable consideration, after notice to and with the approval of the Secretary of the Treasury, nor from using or disposing of any of its real or personal property not necessary to the operation of its railroads: Provided, That the proceeds of any such property and any property acquired with the proceeds of any such property owned by said company, whether realized by sale, pledge, or otherwise, shall in like manner and with the same power to dispose of the same be subject to the lien of the said mortgage: Provided, That the said Union Pacific Railroad Company shall relinquish and abandon any and all claim, right, title, interest, and demand to or in a right of way exceeding 100 feet in width, through the lands formerly known as the Delaware and Pottawatomie Indian reservations in the State of Kansas.

SEC. 5. That the Union Pacific Railroad Company shall execute and deliver its said mortgage and bonds for the amount of its indebtedness and the indebtedness of the Kansas Pacific Railway Company to the United States, and the Central Branch Union Pacific Railroad Company shall execute and deliver its mortgage and bonds for the amount of its indebtedness to the United States; and the said bonds of each company shall be numbered consecutively from one to a number which will include the whole amount thereof, and shall be payable in lawful money of the United States. So long as any of said bonds remain unpaid each of said companies shall semiannually, on the 1st days of January and July of each year for a period of ten years, commencing on the 1st day of July, 1895, pay to the Secretary of the Treasury of the United States, in addition to the interest which shall then be due on its indebtedness, one-half of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1895, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, three-fourths of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of

ten years, commencing on the 1st day of July, 1915, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1935, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage, as herein provided; and for a period of ten years, commencing on the 1st day of July, 1955, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage. The said payments of principal shall be applied in payment of said indebtedness so as aforesaid ascertained, and the bonds of said company to an amount equal to such payment, and in the order of the numbers of such bonds, beginning with the lowest unpaid number, shall thereupon be canceled and surrendered to the company.

SEC. 6. That the said Central Pacific Railroad Company, successor to the Central Pacific Railroad Company of California and the Western Pacific Railroad Company, be, and is hereby, authorized to make, issue, and deliver its certain indenture of mortgage, which shall bear date of 1st day of January, 1895, covering and embracing the entire property of such company as at present consolidated, real, personal, and mixed, including all the right, title, and interest of such company in any stocks, bonds, or securities, or lands, or any branch lines or auxiliary companies in which such company has now any interest, and all beneficial interest which it may have in the certain lease of its property to the Southern Pacific Company as hereinafter provided, and all railroads now owned or hereafter acquired or constructed by said Central Pacific Railroad Company, and all their franchises, telegraph lines, rolling stock, fixtures, and property of every kind and description, as well as those which it, its successors or assigns, may hereafter acquire, subject to any bona fide, lawful, prior, and paramount lien, claim, or mortgage upon any of the railroads, franchises, or property now owned by such company, or which such company may hereafter acquire, except as hereinafter provided. A proper and complete description and inventory of all the property affected by such mortgage shall be prepared under the direction of the Secretary of the Treasury, which, when approved by him, shall be filed in his office. But this section of such mortgage shall not be construed to prevent such company from using and disposing of any of its property or assets in the ordinary, proper, and lawful course of its current business, in good faith and for valuable consideration, nor from using and disposing of any of its real and personal property not necessary to the operation of its railroads, after notice to and with the approval of the Secretary of the Treasury, provided that the proceeds of such property, and any property acquired with the proceeds thereof, owned by said company, whether realized by sale, pledge, or otherwise, shall in like manner and with the same power to dispose of the same be subject to the lien of the said mortgage. Until the mortgages, liens, and claims upon the mortgaged premises junior and subordinate to the existing liens of the United States shall have been extinguished the existing liens of the United States shall not be extinguished, but shall remain in full force.

SEC. 7. That the said Central Pacific Railroad Company shall execute and deliver its said mortgage and bonds for its indebtedness to the United States, and the said bonds shall be numbered consecutively from one to a number which will include the whole amount thereof, and shall be payable in lawful money of the United States. So long as any of said bonds remain unpaid said company shall, semiannually, on the 1st days of January and July of each year for a period of ten years, commencing on the 1st day of July, 1895, pay to the Secretary of the Treasury of the United States, in addition to the interest which shall then be due on its indebtedness, one-half of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1915, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage, as herein provided; and for a period of ten years, commencing on the 1st day of July, 1935, said company shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage. The said payments of principal shall be applied in payment of the said indebtedness so as aforesaid ascertained and the bonds of said company to an amount equal to such payment, and in the order of the numbers of such bonds, beginning with the lowest unpaid number, shall thereupon be canceled and surrendered to the company.

SEC. 8. That the statutory lien created and subsisting under and by virtue of the act of Congress approved July 1, 1862, and the act of July 2, 1864, and the act of May 7, 1878, and under any and all other acts of Congress, to secure the payment of said subsidy bonds and the interest thereon, as set forth in said acts, and upon all the property subject to said statutory lien, shall be and remain in full force for security for the debts owing by each of said companies mentioned in this act to the United States, until the same are fully paid.

SEC. 9. That each of the mortgages authorized by the foregoing provisions of this act shall contain a covenant providing that, in the event of any default continuing for ninety days in the said semiannual payments, the entire debt due to the United States from the company making such default shall immediately mature, and shall also contain such other terms and stipulations in conformity with the provisions of this act as may be deemed necessary to efficiently secure the said bonds and the application thereto of the moneys paid to the Secretary of the Treasury for retiring the principal thereof, and as may be approved by the Secretary of the Treasury of the United States. The said mortgages shall be delivered to the Secretary of the Treasury, and upon the delivery thereof shall, respectively, be valid and subsisting mortgages each of all the property of said mortgagor company, real, personal, and mixed, embraced, covered, or required by the terms of this act, and such delivery shall have all the effect of recording the same in any place. Said mortgages shall at all times be open to public inspection, under such rules and regulations as the Secretary may prescribe, and copies thereof, certified by the Secretary of the Treasury, shall, as soon as may be after their respective delivery, be deposited with and recorded by each of the clerks of the circuit court of the United States in the States and the clerks of the supreme courts of the Territories of the United States in which the roadbed, or any part thereof, of said companies, respectively, is situated, which copies and records shall at all times be open to public inspection. All such copies and the recording thereof shall be at the expense of said company.

SEC. 10. That so long as any of the bonds issued by either of the companies, according to the provisions of this act, shall belong to the Government, no

money shall be paid from the United States Treasury for or on account of services rendered to the United States, or any Department of the Government thereof, over or upon the said railroads or telegraph lines heretofore aided by the advance of subsidy bonds, or upon any railroads or telegraph lines owned, leased, or operated by the said companies that issued such bonds, until the installments of principal and interest upon such bonds next maturing after such services are rendered shall be fully paid by such company, as herein provided; but the obligations to pay said installments so to be paid to the United States by said companies, and the obligation of the United States to pay for services, shall be deemed otherwise independent.

SEC. 11. That hereafter, so long as any of the bonds authorized by the provisions of this act shall remain outstanding and unpaid, no dividend shall be paid by the company whose bonds are so outstanding unless the same shall have been actually earned, or unless such company shall have paid all interest due on its bonded debt having a lien prior to the Government and all matured indebtedness and interest then due and payable on its debt to the United States under this act; or unless the said earnings, after deducting all interest accrued but not payable at the time of the declaration of such dividends, shall be sufficient to warrant the payment thereof. In no event shall either of said companies whose bonds are so outstanding pay any dividend exceeding the rate of 4 per cent per annum, unless the said company shall, at the time of declaring such dividends in excess of 4 per cent per annum, so long as any of the said bonds are held by the United States, pay an amount equal to the excess over 4 per cent per annum so declared to the Secretary of the Treasury, to be applied upon the lowest numbered bonds of the principal of the debt of such company to the Government, and unless the earnings of the said company shall suffice to warrant the payment of such excess and also the payment to the Government. Any director or officer who shall declare or pay, or aid in declaring or paying, a dividend prohibited by this act shall, upon conviction in any court of competent jurisdiction, be punished by imprisonment not exceeding two years, or by a fine not exceeding \$5,000, or by both such fine and imprisonment. And that said companies heretofore mentioned, their successors, lessees, and assigns, shall cooperate in making track connections with all railroads of other companies now or hereafter built to points of junction with their roads, and at any point where any railroad shall connect with their roads, or either of them, they and their successors, lessees, and assigns shall afford to all such connecting roads equal times, terms, rates, and facilities for the interchange of traffic, both passenger and freight, between such connecting roads and their respective roads and every part thereof. And any contract, arrangement, or device, by sale, lease, consolidation, through-car service or otherwise, intended for or resulting in any preference or advantage whatsoever to any such railroad so connecting at any such common point, or which shall subject any such railroad so connecting at any such common point to any prejudice or disadvantage whatsoever, is hereby declared to be unlawful.

SEC. 12. That this act shall take effect as to each of the said companies and their branches, respectively, as hereinbefore described, upon the acceptance of its terms by the board of directors of such company in writing, over the corporate seal of such company, signed by its president and attested by its secretary, being filed or deposited with the Secretary of the Treasury within six months after the passage of this act, subject, however, to the completion of the settlement and adjustment in this act proposed and provided; but any company which shall not so file its acceptance shall take no benefit from this act.

SEC. 13. That either of said companies may, at any time after the execution and delivery of their said bonds, but only so long as said bonds are held and owned by the United States, pay the whole or any portion of said bonds, by paying the amount thereof, together with the accrued interest thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company.

SEC. 14. That the said companies accepting the provisions of this act, and each of said companies, shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity, or other proceedings, to be instituted and prosecuted in the name of said company or companies against any person who is, or has been, a director, officer, agent, or employee of the said company, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever, in respect of which the said Department of Justice shall allege that it desires such action, suit, or other proceeding to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said company or companies to appear for them or it as attorney or solicitor in such actions, suits, or proceedings, and shall have the entire control of the same from the inception thereof to the end of such prosecution, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid to the Treasurer of the United States, and by him applied as payment upon the lowest numbered bond or bonds of the company interested in such recovery outstanding under the provisions of this act; the balance remaining after all said bonds are paid shall be paid to the company in whose name the said sums were recovered.

SEC. 15. That whenever there shall be default in respect of any obligation or condition for which any lien now exists in favor of the United States upon any property of any Pacific railway company the Attorney-General is hereby authorized to enforce the claim and foreclose any such lien of the United States, by sale or otherwise, by any appropriate legal proceedings to be initiated and prosecuted in the court of appeals of the District of Columbia, which court shall have jurisdiction in the premises, both at law and in equity. In case any suit for the sale of any part of the property upon which the United States have a lien, as aforesaid, shall be brought by or on behalf of any person claiming to be the holder or holders of any other lien thereon, the Attorney-General, in his discretion, may enter the appearance of the United States and file such pleadings and take such action as may be appropriate for the protection of the interests of the United States or for the foreclosure of its lien by sale or otherwise in such suit. Upon said proceeding the said property shall be sold to the highest bidder, subject to any prior lien or incumbrance thereon, and for a sum not less than the amount of the debt due to the United States and of interest thereon to the date of confirmation of the sale, and at such sale the Attorney-General, if in his judgment the interests of the United States so require, may bid the amount of said debt including interest.

SEC. 16. That the purchaser or purchasers at such sale shall keep said railroads and telegraph lines in repair and use, and shall at all times transmit dispatches over such telegraph lines and transport mails, troops, and munitions of war, supplies, and public stores upon such railroads for the Government whenever required by any Department thereof; and the Government shall at all times have the preference in the use of the same for all purposes aforesaid at fair and reasonable rates of compensation, not to exceed the amounts paid to private parties for the same kind of service.

SEC. 17. That it shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end, and shall make report to the President each year or oftener thereon,

which report shall be laid before Congress. And until the settlement and the execution and delivery of the bonds and mortgage in this act provided for shall be completed all existing provisions of law relating to said companies, respectively, shall remain in force.

SEC. 18. That this act and each and every provision thereof shall severally and respectively be deemed, taken, and held as in alteration and amendment of said act of 1862, and of said act of 1864, and of said act of 1878, respectively, and of all of said acts so far as they are inconsistent with this act; nor shall anything in this act be construed or taken in anywise to affect or impair the right of Congress at any time hereafter further to alter, amend, or repeal the said acts hereinbefore mentioned; and this act shall be subject to alteration, amendment, or repeal, as in the opinion of Congress justice or the public welfare may require; and nothing herein contained shall be held to deny, exclude, or impair any right or remedy in the premises now existing in favor of the United States. This act shall be published and printed as a public act, and in all proceedings may be cited as such.

The Currency.

SPEECH

OF

HON. CHARLES J. BOATNER,

OF LOUISIANA,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. BOATNER said:

Mr. CHAIRMAN: The principal difficulty which the amendment of the gentleman from Alabama will encounter is that it is in accordance with a certain obsolete document known as the Chicago Democratic platform, and I am perfectly astonished that at this stage of development, after the progress of the last two years, after the change of ideas which has come over the country and to a certain extent come over this House, that any gentleman should be so bold, not to say audacious, as to ask this House to carry into effect a recommendation of the national Democratic platform.

I myself, Mr. Chairman, have been earnestly in favor of such a provision of the law. I have earnestly advocated that a Democratic House should return to some extent at least to Democratic principles, and that when the opportunity is presented it should repeal a provision of law enacted when the Constitution was asleep and when those who had no respect whatever for its limitations had control of the Government.

I have been led to believe, or rather have led myself, by my study and investigation of these subjects, to believe that the use of the taxing power—given by the Constitution of the United States for the purpose of raising a revenue—for the exercise of other powers, was absolutely indefensible upon any ground whatever, and I hoped that a Democratic House would avail itself of the first opportunity to wipe from the statute books a confessedly unconstitutional statute, at least a statute contrary to the spirit of the Constitution to the extent that a power granted is used to accomplish the exercise of one not granted.

But, Mr. Chairman, that is one of the things that have gone by, and we are asked not only to abandon that recommendation of the Democratic platform, but to abandon every issue in the campaign which led up to the election of the present President, and to give our sanction not only to the issue of bonds which may be necessary, but of bonds payable, principal and interest, in gold. Why, sir, when we had under consideration that other measure which was designed and intended to save the country from impending ruin and disaster—I refer to the bill which proposed to repeal the purchasing clause of the Sherman Act—the question was frequently asked of its supporters whether or not the passage of that law, without accompanying legislation, would not inevitably necessitate the issuance of an additional series of bonds, and eventuate in the funding of our greenback circulation in gold bonds? These ideas were derided and the prediction freely made that the repeal of what was called the "cowardly makeshift" would restore confidence, revive business, and give the country a return of that prosperity so ardently desired.

In addressing myself to the subject I said that if we judged the future by the past we might well dread the consequences, as those who were predicting the return of prosperity as the result of the act then under consideration had never yet been known to be right in their prognostications. It is useless and idle, however, to thrash old straw. It is now a historical fact that the repealing act had no perceptible effect, and that those Democrats who supported it because they believed the Administration would aid in the enactment of additional legislation to carry into effect the financial plank of the Democratic platform were woefully deceived.

The President, who calls upon us to free ourselves from the

tyranny of preconceived opinions, seems to become every day more thoroughly unable to modify his own, if that be possible. Contrary to the wishes of the majority of the party, no measure looking in the least toward bimetalism receives consideration. With \$200,000,000 of silver bullion lying idle in the Treasury which could have been coined and used in the payment of debts, it is now admitted that the Secretary of the Treasury has used of the proceeds of bonds sold for redemption purposes more than one hundred millions to pay the debts and expenses of the Government. Just why the addition of one hundred millions of silver circulation to our stock of money would or could have had an injurious effect no one has ever yet explained.

We have before our eyes the example of France, a nation with about half our population and not half our resources, maintaining a silver circulation in excess of ours by something like \$200,000,000, and redeeming her obligations in silver whenever it is necessary to do so. With us, however, everything seems to be sacrificed to the ideas of the New York bankers. They raid the Treasury for gold and then set up a clamor for an additional issue of bonds to replenish the Treasury supply. When it suits their convenience they exhaust this store of gold, and the process may go on ad infinitum.

It is argued that, if the Secretary of the Treasury should exercise the option given him by the laws to redeem Treasury obligations in silver, it would immediately send gold to a premium and put the country on a silver basis. Suppose we admit that to be a fact, who would be hurt by it? Certainly not the mass of the people, or even the mass of the business men. Their obligations are payable in legal-tender money of the United States, and legal-tender money consists of Treasury obligations and of gold and silver. If the withdrawal of gold from circulation should have the effect of depreciating the value of the remainder of our currency, the loss would fall upon the very men who have been putting the United States to enormous expense, and have been disorganizing business in their own interests.

The gold in the United States is now practically out of circulation; it is already at a practical premium, because it can be had only in return for something considered its superior in value. It is being hoarded by bankers and private individuals, and while counted as part of our general circulation, it is not, and serves no other purpose than it served before we resumed specie payments, when it had to be bought like any other commodity.

It is with profound regret that I withhold my consent from any proposition which receives the indorsement of the Administration, and which is deemed necessary by those in authority to sustain the credit of the Government and perform the obligations which the Government owes to the country, but I am utterly unable to agree that there is any necessity or advantage in changing the policy of the Government at this time by issuing gold instead of coin bonds.

If the effect of such a change will be to increase the value of the bond so issued and to obtain a lower rate of interest, from the necessity of the case it must injure the bonds already extant which are payable in coin.

If public honor and the good faith of the Government require that we should issue a bond payable in coin of the highest value, the same public honor would demand the retirement of all coin obligations outstanding, and the substitution of gold obligations. That such a demand would be made and complied with I have no doubt.

It is extraordinary, sir, that a party which carried the country on a platform which demands the continued use of gold and silver as the standard money of the country, and which was considered a conservative declaration in favor of bimetalism, should, in the two years it has been in power, do what the Republican party, although dominated and controlled by the money classes, has never yet dared to attempt; that is, to establish gold monometallism as the fixed policy of this Government. I am unable to perceive how any Democrat, with a proper appreciation of his obligations to his party and a proper respect for the pledges made to the people, can give his consent to a measure diametrically opposed both in letter and in spirit to the fundamental law of the party as declared in its last national convention.

It is very true, sir, that a gold bond might be negotiated at a lower rate of interest, but those who may take any future issue of bonds at a higher rate of interest because they are payable in coin instead of gold will assume very serious responsibility. If they charge a higher rate in compensation for the risk they may run of being paid in silver they can not complain if the Government exercises the option which it has not only reserved but paid for, and there would not be the slightest violation of honor or good faith in making payment in such coin as may be most advantageous to the Government. It can not be said, then, that these bonds were accepted with the conviction that they would be paid in gold, because the higher rate of interest attests the fact that those who will have taken them will have received a pecuniary compensation for the option which the Government reserves to pay in coin. As

a matter of fact the contention that the so-called ambiguity in the terms of the bond will increase the rate of interest is a mere pretense—a mere trader's trick—to drive a better bargain. No such fear is entertained, and the proof of it is found in the fact that the bonds can be negotiated at 4 per cent or under. If there were well-founded apprehension that the Government might pay in coin of less value than that received, the bonds might not be negotiated at all. They would not be worth 50 cents on the dollar, nor would 6, or even 8, per cent be any temptation.

The act to strengthen the public credit, passed in 1869, pledged the faith of the nation to pay all obligations in coin. At that time silver was the equivalent of gold. The Government has construed this declaration to mean that payment was to be made in the best money—in gold, and gold alone—from that day to this, and this, notwithstanding the determined effort made in 1878 by a majority of both parties to change the rule, and to exercise the option in a manner most favorable to the Government.

In my remarks on the banking bill a few days ago I called attention to this fact, and claimed that the policy of the Government had received the indorsement of the people because Mr. Garfield, who had opposed the "Matthews resolution" had, at the next election thereafter been nominated and elected President of the United States; and Mr. Blaine, who also opposed it, continued to the day of his death the great leader of the party. At no time has there been a majority in Congress able to change the rule by law. The incumbent of the Presidential chair, known to be implacably inimical to such a change, has been twice elected President, the last time by an overwhelming majority. Under these circumstances, it is difficult to understand how the Administration has been deluded into the idea that such a change as is now proposed is necessary to strengthen the credit of the Government at home or abroad.

Mr. Chairman, it is a matter of most profound regret to every man who has the welfare of the Democratic party at heart and who believes that its continued ascendancy would promote the prosperity of the people that a sufficient number of Representatives on this floor have stubbornly refused to make any concessions to the dominant sentiment of the party, and have, in a short period of two years, transformed it from a victorious army into a disorganized, disheartened mob of routed militiamen. The results of the last election tell their own story. The solid South is a thing of the past. Leaders who have enjoyed the absolute confidence of their people for a generation have been retired to private life. The party has been asked to unlearn the lessons taught by our great Secretary of the Treasury during the whole course of his political career until his voice was silenced by a Cabinet portfolio. For two years we have been asked to do what we had always promised the people of the United States we would not do.

We are asked to give our sanction to a financial policy which must lead to further depression of prices and the aggravation of public distress, and this because another emergency confronts us. For one I do not admit the existence of the emergency. I do not admit that the United States ought to give its sanction to the claim now made that it will not be true to its obligations. I do not admit that the Treasury Department must be administered in accordance with the interested wishes of the bankers of this or the Old World, or that it is necessary to redeem Treasury obligations in gold to preserve the parity of the circulation; because if their payment in silver would have the effect of sending gold to a premium and depreciating the mass of our circulation, none would be presented for redemption. I do not admit that this Government is less powerful than that of France, or that its credit would be destroyed, or even shaken, by pursuing the policy adopted by that country for the protection of its gold circulation.

For one, Mr. Chairman, I do not hesitate to declare that we ought to enact legislation which would not only permit, but require the retirement of all Treasury obligations subject to redemption at as early a day as practicable. This could easily be done by the coinage of silver in sufficient quantities to gradually absorb the greenback circulation. That is to say, as rapidly as greenbacks are presented for redemption, or as they come into the Treasury in payment of taxes, they should be canceled; and if it becomes necessary to reissue the same amounts of money, the issues should be in legal-tender silver dollars, or paper certificates representing them. By an amendment of our national banking laws on the lines recommended by the Secretary of the Treasury, we would have a national circulation consisting of gold and silver and bank notes redeemable in legal-tender money. The Government would then be relieved of the burden of maintaining the parity of circulation. There would be no necessity for any gold reserve, or a national debt; there would be no contention as to whether the bonds issued by the Government should be payable in gold or in coin. As our bonds became due they could be paid and canceled.

The vast amount of money now locked up, the interest-bearing securities, would be forced into the channels of trade and com-

merce. The values thus released would become subject to State taxation. The immense drain upon the resources of the country in the interest annually sent abroad would be obviated, and if a sound financial system can restore prosperity to the country the system I have outlined would accomplish it. I believe it to be in accordance not only within the principles of sound finance, but with those of the Democratic party and our obligations to the people.

Pacific Railroads.

[From the address of Mr. Seymour D. Thompson before the Bar Association of Kansas on January 25, 1892.]

It is obvious that State legislation can no longer cope with great corporations. It is further obvious that great corporations, such as a railroad company carrying on its business in different States, ought not to be subjected to different rules in different State jurisdictions, but ought to be governed by uniform laws and rules prescribed by the General Government. Precious as is the principle of local self-government, we must confine it to merely local matters. We have outgrown the tribal theory. If the men that made the Federal Constitution could have foreseen the steamboat, the railroad, the telegraph, and the telephone, they would not have left as much power in the hands of the States, and they would have placed more power in the hands of the General Government.

[New York Times' Financial Review, Sunday, February 3, 1895.]

The plunder of stockholders by directors, the shameless looting of corporate properties by their managers, is one of the crying scandals of the day.

[New York Times, Sunday, February 3, 1895—London letter.]

I am assured in the city that as regards the European scare about America's financial condition the ugliest corner has now been turned, and improvement of a steady kind may now be expected. This distrust of the American situation, starting in the time of the Baring crash and becoming acute with the silver crisis of 1893, showed itself first in withdrawals or reductions of the bankers' credits, then in cessation of investments in American enterprises and securities, with its consequent reversal of the ordinary flow of capital westward, and, lastly, and in totals most important, in withdrawal of mercantile credits till imports of goods into America were almost wholly on a cash basis. This in itself would be all right if it did not involve pressure to settle for imports several months in advance of the terms formerly customary. Mr. Cleveland's message and loan please the financiers here. There is, however, a good deal of feeling that dishonesty in railway management must be dealt with more effectively before popular confidence here will be won back altogether.

SPEECH

OF

HON. ISIDOR STRAUS,

OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 2, 1895,

On the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Mississippi River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1875, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned.

Mr. STRAUS said:

Mr. SPEAKER: In listening to the instructive debate the measure before the House has called forth, I discover that the opposition to the passage of the bill seems to emanate chiefly from two motives—one represented by the residents of the Pacific Coast and along the line of these railroads, who are deeply incensed at the oppression which they have suffered at the hands of these corporations, particularly at the hands of the corporation having its terminus on the Pacific Coast; the other comes from those who imagine that they have an opportunity for avenging the feelings of indignation against the scandalous and colossal frauds which have been committed by the men who originated and controlled these corporations for many years. I sympathize with both, but I can not see the wisdom of their action. It looks to me very much like cutting off your nose to spite your face. We are assured by lawyers on the floor of this House, whose opinions are certainly entitled to respect, that by the passage of this bill the Government forfeits none of its rights against the perpetrators of these wrongs. Such being the case, it seems to me to be the part of wisdom and prudence, and along the line of good business methods, that we should secure to the Government and the people the largest possible sum in the liquidation of this enormous debt and wreak our vengeance upon the betrayers of their trust afterwards.

The wrong the Government has suffered, which seems to stir the blood of the opponents of this bill to fever heat, is not one whit worse than dozens of like occurrences where poor and innocent holders of securities, who could ill afford to bear the loss, have been victimized to even a greater extent. Yet in most instances

where default has been made the part of wisdom has dictated to the individual owners of these securities that a reorganization and not unfriendly foreclosure was the most advisable for the best interest of all concerned. In the management of public affairs we do not go amiss if we follow the path individuals do under similar circumstances. This discussion has emphasized to my mind the idea I have long entertained, that remedial legislation should be had which will make such practices illegal and will enable the public prosecutor to reach them beyond a possibility of escape by legal quibblings and technicalities.

I have not heard of a single fraud charged against the directors of these railroads by the opponents of this bill which is not absolutely reached and could not have been prevented by the provisions of the bill that I have had the honor to introduce, known as H. R. 7740, being a "bill to regulate railroad companies engaged in interstate commerce." This I now offer as an amendment to the bill before the House, and I trust it will receive the support of those who are in favor of its enactment; it should certainly receive the united support of those who are opposed to it.

I listened with considerable interest to the remarks of the honorable gentleman from Kansas [Mr. HARRIS], and particularly to the extract he read from a speech delivered by an eminent lawyer before the Bar Association of Kansas, which seems to point directly to the necessity of just such a bill as I have referred to.

Greater than all the crimes I have heard enumerated against the directors of these railroads, to my mind, is the overpowering one that their dishonest practices by which the roads were robbed of earnings and the proceeds of obligations sold converted into private gains instead of going to the treasurers of the companies—is that these abuses of corporate trusts gave birth to the system of railroad management that has brought discredit upon all forms of American securities abroad. That none of the transgressors have been brought to justice has encouraged practices so that to-day the management of railway properties is a disgrace to American citizenship, and it is the distrust born of such criminal practices which lies at the bottom of our exports of gold almost, if not fully, to as large an extent as the doubt in the stability of our currency system.

I have seen letters from investors abroad who for years have kept large sums invested in various enterprises in this country instructing their bankers to sell every dollar of their holdings as rapidly as the market will absorb them without too much depressing current prices. In one of these letters the correspondent states that if there had occurred a single instance where one of these railway robbers had been placed behind the bars he would still have hope that the American love for honesty and integrity would overcome the barefaced dishonesty which has been rampant in the management of corporate trusts.

There is an old adage, "Experience is the school where man learns wisdom;" to which some one has added, "And fools will learn in no other." What, therefore, would be said of a people who will not even profit by so expensive a school as everyone knows experience to be? I trust that Congress will pass the bill before the House while the flagrant abuses which necessitate this legislation are fresh in the minds of everybody, and not do the work by half, but profit by the experience in applying the remedial legislation which the amendment I have offered so fully provides. The amendment is substantially H. R. 7740, now before the Interstate and Foreign Commerce Committee, which I have every reason for saying will be reported favorably by that committee at an early day and will, I trust, when reported to the House, receive its sanction in case it should fail to become a part of the present bill by the amendment I have offered.

The aggregate value of railway properties in the United States is over ten thousand five hundred millions of dollars. This is equal to about 16 per cent of the assessed total value of all real and personal property in the United States, and is equal to 40 per cent of the assessed value of the real estate, with improvements thereon. This vast aggregate of property is in the hands of men who are supposed to act in the capacity of trustees for the real owners. While this trusteeship nominally rests in a board of directors who are elected annually for the purpose of governing and directing the affairs of the corporation, its actual exercise is to a very large extent in the hands of the officers who are paid for devoting their exclusive time and thought to the consideration of questions that concern the practical daily management of the properties.

While it may be argued that these trustees or directors are selected for their supposed sagacity, experience, and judgment, when it is borne in mind that they give an hour every week, or possibly not more than an hour every month, to the affairs of the corporation at periodical meetings, they can not in the nature of things be as conversant with the requirements and necessities that surround the property as those who are paid to devote their entire time and attention thereto. It is not therefore surprising that in most questions which come up for consideration the directors are more or less guided by the judgment of these officers. It may be said that directors in this event are derelict of their duty, and

show an incompetency for the trusts to which they have been elected, but in dealing with a practical question of this kind we lose sight of the main issue if we theorize upon what should be, instead of recognizing the practical manner in which these questions are necessarily presented and dealt with. So we might as well deal with the situation as in practical experience we find it, rather than speculate on what, ideally considered, it should be.

While a large number of railroads are as sagaciously and as honestly managed as any other enterprise, whether in the hands of corporate bodies or of individuals, the impressive fact is nevertheless forced upon us that railways, representing 25 per cent of the entire capital invested in this form of enterprise in the United States, are at this moment in the hands of receivers. This sad picture, in juxtaposition with the fact that railway companies, by virtue of the necessarily large capital which each company represents, are able to command the best talent the country affords, is suggestive of something more than hard times. All through the period of depression there has been no such proportion of bankruptcy in any department of commercial activity or in any other field of private or corporate investment. Bad management has undoubtedly had quite as much to do with railroad insolvency as bad trade, and shattered confidence, which is the result of bad management, if not of something worse, delays the restoration to solvency of great railway properties even after trade has begun to revive.

Since railway investments constitute the most important single form of investment in the country, and consequently the most conspicuous evidence of general financial conditions, they can not possibly rest under a cloud without impairing the real recuperative force of which other enterprises may give unmistakable evidences. It is therefore not within bounds to state that the restoration of confidence in our railroad securities and railroad management is of importance second only to the question of sound currency—the measure of all value.

There is no more serious obstacle to the return of confidence than the present condition of one-fourth of the railway properties of the United States, and no damper so fatal to some of the chief productive industries of the country as the enforced suspension on nearly all railroads of the normal and necessary work of improvement, renovation, and development. Abroad the scandals of our railway management have inflicted on American credit the most dangerous blow it has received in this generation. Every form of security—State, county, municipal, and industrial—has felt it, and the credit of solvent and well-managed railway properties has suffered from the bad reputation of those which in consequence of reckless management have become bankrupt.

There will be no permanent change in this prevailing sentiment of distrust till measures about whose effective power there can be no dispute have been placed on the statute book, with power of enforcement adequate to the abuses to be corrected. This must be done in a way so plain and unmistakable as to avoid all ambiguity, and by its directness, simplicity, and force circumvent all efforts to have its ends defeated by any device of legal ingenuity. It might be urged as against such legislation that there are already laws enough on the statute books to punish the wrongdoer in any capacity of corporate trust; but if there are such laws that can be enforced the very fact that they are not enforced, and that abuses exist in spite of them, shows the necessity for further legislation.

It requires no proof to demonstrate to every thinking mind that this country has been accelerated in its growth by the aid and confidence of foreign capital. The American name will not be free from the reproach under which it lies with foreign investors because of railroad mismanagement until the obligations of corporate trusts have been more clearly defined and their disregard rendered more difficult and more dangerous.

The Frankfort Zeitung, one of the leading financial papers in Germany, under date of November 20, speaking of the condition of railroad properties and bonds in the United States and the manner in which investors have been misled and deceived, to the question propounded, How can European confidence in American railroad investments be regained, answers:

The control of railroads and their management by their officers and board of directors must be placed under Federal supervision. There is hope that such a desideratum can be accomplished. The question has impressed itself so generally on the public that a consul-general has found it necessary, in the interests of his country, in a report made to the State Department, to refer to this all important financial question.

No better proof of the inadequacy of existing laws to punish offenders of this character could be found than in the fact that men who are responsible for some of the most flagrant of recent abuses of corporate trust have defied prosecution and are conspicuously in evidence as enjoying the fruits of their ill-gotten gains. Aside from the direct and dire consequences of this state of affairs, how much greater is it a blow to the moral sense of the community, on which, after all, depends the incitement to honesty in every capacity and upon which all mercantile transactions in the end must rest.

It can not be the wish of men who bring principle and character to the duties of railway management that abuses so flagrant as those of whose existence the country has had such melancholy proof should continue to exist. They must see that unless some radical change is effected the reputable will continue to suffer from the faults of the disreputable, and that the whole edifice of American credit at home and abroad will remain at the mercy of the most unscrupulous administrators of the most important class of financial trusts in the country. Honest and upright directors and officers of railways can have nothing to fear from the enforcement of a stricter legal accountability for their acts, and the members of railway boards whose every act can bear the light have everything to gain from placing the restraint of publicity upon the underhand practices and devious intrigues which have been employed by conscienceless managers to the prejudice of those commanding a larger share of public confidence. While great abuses have crept into the management of railroad properties, perhaps the greatest arise when the management is transferred into the hands of a receiver. The question then not only concerns the welfare of the thousands of investors who have a direct pecuniary interest at stake, but becomes a menace to solvent competitors whose wise and prudent management has produced satisfactory results alike to the stock and bond holders and to the public.

The bill which I have had the honor to introduce in its first section defines what railroads shall come under its provisions. This embraces only such as under existing laws are already under the supervision of the Interstate Commerce Commission.

Section 2 provides for examiners to be appointed by the Interstate Commerce Commission, and who, under the supervision of that body, shall make periodical examinations of the books of the companies, the expense of which is to be borne by the companies themselves.

The third section gives the examiners power to call for papers and, when necessary, examine witnesses. This is nothing more or less than what is at present required and has been found an exceedingly useful and beneficial safeguard in the case of national banks.

Section 4 requires companies to make quarterly reports, and prescribes in what form the reports shall be made, what points they shall cover, and that such reports shall be published in at least one newspaper at the location of the principal office of the company.

Section 5 provides that immediately upon the appointment of a receiver the official examiner must make a thorough investigation as to the causes which necessitated or justified the receivership. This examination must be completed within sixty days, and one copy thereof filed with the clerk of the court appointing the receiver, one with the Interstate Commerce Commission, and one with the United States Attorney-General.

Section 6 defines the course of procedure in case the examiner discovers any breach of trust or violation of law.

Section 7 deals with the manner in which a record shall be kept of the names and addresses of the stockholders, in order that any stockholder who feels that the trust confided in the directors has not been properly executed may have the same opportunity for reaching his fellow stockholders, for cooperation in such steps as he may find necessary, as the officers of the road have, for the purpose of procuring proxies to defeat his efforts.

Sections 8, 9, and 10 define the conditions which govern the right to vote at corporate elections, prevent voting trusts, and aim to place the election of officers in the hands of bona fide holders of stock only.

The purpose of these provisions is to correct the great abuses that have arisen through the separation of the ownership of shares from the right to vote thereon. Instances might be cited where a board of directors have been guilty of transactions which will not bear the light of day, and individual owners of stock who have had reason to believe that such abuse existed were entirely powerless to disclose the practices by which their interests have been betrayed. On the other hand, directors through brokers entrusted with proxies have borrowed stock over the period of election only for the voting privileges, and thus retained power in spite of efforts made in the interests of the stockholders. In some cases the same directors have been found to be engaged in managing the properties under their control for the benefit of other properties in which they held a larger interest. These are not imaginary conditions, concocted for the purposes of argument, but are chapters from the actual experience of the recent history of railroad management, and what greater blow can be given to confidence than to find men in the upper walks of life, men who have been selected for positions of trust by reason of their supposed honesty, integrity, and sagacity, making use of their compensation to build up rival properties in which the stockholders they are supposed to represent have no interest, but in which their own personal interest is supreme?

Section 11 prevents the appointment as receiver of any person who has been connected with the railroad in any capacity within

one year prior to its insolvency. The receiver thus appointed by the court shall hold office temporarily only until a receiver shall be designated by the bondholders.

It is obvious that the people who are legally first in interest should have the selection of the officer that is to administer their property, in whose management they have so far had nothing to say, the bondholder being heretofore merely a creditor of the corporation the conduct of which has been in the hands of the stockholders. The practice which now obtains is to place the receivership in the hands of the very officer or officers under whose management the property came to grief. If the disaster was brought about in consequence of their recklessness, dishonesty, or incapacity, it is plainly nothing short of a scandal that they should be continued in control of it. It is evidently nothing but justice of the commonest kind that the owners to whom the property reverts are the real parties in interest whose selection of the receivership should prevail. It is safe to say that more illegal and dishonest actions have been covered up beyond the power of reaching the culprits by the present procedure than by any other application of law to the affairs of railroads.

Section 12 provides a penalty for making false affidavits respecting the ownership of stocks or bonds.

The purpose of this provision is to provide specifically for the punishment of abuses which sections 8, 9, and 10 are intended to prevent.

Section 13 limits the power of the receiver and the manner in which salaries of employees and the salary of the receiver shall be fixed.

Railway experience has shown that receiverships have been prolonged far beyond what the interest of the property required, as the receiver and the men under him were drawing fat salaries without supervision or control of any authority, thus placing a premium on the perpetuation of the state of things which they were appointed to terminate.

Section 14 compels the receiver to make reports from time to time to the court which appointed him, and prevents him from paying out money on leased lines belonging to the system beyond the amount earned by such line.

It has been found, for example, that a lease has shown a very large loss in the year before the receivership, and that the payment of any rental on such a lease has been expressly prohibited by the very mortgage for the protection of which the receivership was applied for, and yet the receivers have continued to pay enormous losses out of the trust funds of such a lease, thereby causing defaults on prior liens and endangering the very existence of the property and of the mortgage which had particularly sought the protection of the court.

Section 15 provides that the receiver's accounts shall be passed upon monthly by a master in chancery, who shall have power to allow or disallow any payments made by the receiver.

As the law now stands, it seems to be questionable whether the receiver must account at all during the whole period of his incumbency, or give any information whatever except that which his own pleasure may dictate, as to the methods of administering the trust funds in his hands.

Section 16 forbids the receiver from taking any interest or part in the election of officers or directors of the company, or in any plan for reorganization.

This is dictated by the consideration that if at the final winding up of the receivership the reorganization be made by the receivers or by friendly interests the final accounting may be so completely controlled by them as to be practically a farce. It may certainly become for all practical purposes a useless ceremony, since wrongful payments may have been made to an amount which in most instances the receivers would not be able to repay, even if a judgment were obtained against them.

Section 17 makes it unlawful for a receiver, director, officer, or agent of a railroad to sell "short" the securities of the company or of any other railway company engaged in interstate transportation.

It has been altogether too common to find railway securities made the football of stock speculation by men whose first care should have been to guard them against depreciation. Railway presidents and directors have played fast and loose with their trusts by selling "short" the stocks of railroads under their control, and have deliberately aided in the wrecking of interests which it was their first and last obligation to defend and protect.

Sections 18 and 19 make it unlawful for any receiver, director, officer, or agent to obtain any interest, directly or indirectly, in any contract or agreement with his company, or to be in any way interested in any purchase from or sale to his company, unless a special meeting is called of the stockholders, to whom the directors may recommend such transaction after fully explaining and disclosing the interest of any director, officer, or agent in said transaction.

It is notorious that officers and directors of railroads have sold to their companies at enormous profit property which they had

acquired to unload on the corporation of which they were officers. Accusations have been publicly made of the systematic levy of commissions on contracts awarded and materials purchased on behalf of railroads by those intrusted with making the award and the purchase. In short, all responsibility to the real owners of railways has been lost sight of by managers who have treated their official position as a personal perquisite and have utterly ignored the restraints pertaining to trusteeship alike in law and in morals. If such practices can be corrected by legislation it seems to me that it ought to be done.

Section 20 makes it unlawful for any director, officer, or agent to purchase any stock or bonds for the company, or to sell or hypothecate any securities belonging to the company, except after authorization by the board of directors. Purchases on margin by or on behalf of any railroad are also forbidden. Part payment on purchases of stocks or bonds shall only be permitted if a date be specified when full payment shall be made, which shall not be later than one year from the date when the first payment was made. This is to prevent practices which have obtained under the sanction of existing law, by which officers of railroads have used securities belonging to the railroad as margin for private speculation, and when the venture turned out disastrously claimed that it was for the account of the company, and the company had to bear the losses. The section further makes provision so that it will not interfere with the legitimate purchase of branch lines or other property believed to be necessary for or in the interest of the company; the purpose of the bill being to prevent speculation either by a railway company's officers or in behalf of the company itself, and not to restrain its legitimate extension and development.

Section 21 defines what the designation "director or officer" means, so that a manager or a trustee, or whatever form or designation may be used to distinguish the men who manage the property, may be held to his appropriate responsibility.

Section 22 fixes the penalty incurred by any receiver, officer, or agent who violates the provisions of this act.

In answer to the allegations that stockholders and bondholders should look out for themselves and not look to the Government for legislation to manage their private affairs, it may well be urged that if the province of the Government is not to protect the weak against the strong, the confiding and less well informed against the machinations of unscrupulous officers and directors, then some of the advantages of which our civilization boasts are mere empty words without meaning.

The recent passage by this House of a bill permitting the pooling of earnings by railroads, under the supervision and control of the Interstate Commerce Commission, should lay at rest any claim that the power proposed to be exercised under provisions of this bill are not properly within the province of the National Government. If the National Government assumes the right to regulate the competition between railroads, so that they do not cut each other's throats, no one should certainly question its right to enact laws which hold officers and directors responsible for the trust confided to them, and to provide such statutory regulations as existing abuses and the impotency of existing laws with reference thereto show to be imperative.

The Currency.

SPEECH

OF

HON. JEREMIAH V. COCKRELL.

OF TEXAS.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1895.

On the joint resolution (H. Res. 275) authorizing the issue of \$63,116,275 of gold 3 per cent bonds.

Mr. COCKRELL said:

Mr. SPEAKER: I believe this is the last time the Fifty-third Congress will be called upon to determine an uncalled-for issue which was precipitated upon the country over two years ago by those holding United States bonds, together with all other classes of securities running for a long time, payable in the current coin of the United States.

This issue was not before the people when they determined who should fill the executive chair of this great Republic.

The Democratic party won the victory in the last Presidential campaign on the tariff issue. It was true that the standard bearer of the party did not claim to favor free coinage; in fact it was known that he opposed this measure, but he declared himself a bimetalist and was elected upon a platform which by every fair and unstrained construction meant the use of both gold and silver as the money of final redemption. No one dreamed of any-

thing else, except those who were conspiring to change the whole administration of financial affairs.

Now, it is too thoroughly and certainly known from past events, which can not be successfully denied, that speculators, bond holders, and bankers precipitated this un-called for crisis upon this country which has cost the people of this nation billions of dollars, has paralyzed every industry, filled the country with paupers, and brought upon the people of our country more want and suffering than was produced by the late war outside the mental anguish and suffering caused by the loss of life.

This was accomplished by a concerted scheme to repeal an obnoxious law which discriminated against one of the metals, a metal which has been used as money in all business transactions of this country for a hundred years, and in which every obligation of the Government might be paid; had been inserted on the face of all the Government obligations, and by implication on the face of all time contracts. The sole object of this issue being forced upon Congress was to try to destroy one-half of the money of ultimate redemption and thereby increase the purchasing power of the remaining one-half by forcing the country to a gold standard.

This was most vehemently denied and those advocating the unconditional repeal of the purchasing clause of the Sherman law declared in the most tragic manner that they were bimetallicists, and promised the country immediate relief from the terrible strain upon every industry. The law was repealed, but their predictions have not been fulfilled; the clouds of distress still obscure the financial vision. Gold left the Treasury in increased amounts. In fact, more gold left the Treasury in 1894 than for eight or ten years all told prior to that time.

The next move on the financial chessboard by the players of this mystic game of finance was to prove to Congress that it was impossible to retain \$100,000,000 of gold under existing conditions, as a redemption fund, to redeem the outstanding greenbacks. This \$100,000,000 of gold reserve and these outstanding greenbacks had been in existence for twenty years, and yet no complaint was ever heard until after the purchasing clause of the Sherman Act was repealed.

It was well known to those who were manipulating the moves on the financial chessboard that as long as the power remained to purchase silver bullion and coin even a limited amount of silver dollars, being a part of the money of the Constitution and of final redemption, a raid on the gold reserve would not accomplish their purpose. After the purchasing clause was repealed the hoarding of greenbacks and Treasury notes began, and as their object lesson had succeeded so well in accomplishing the repeal they began their raids on the gold reserve, and when the gold in the Treasury reached the seventy-million-dollar dot they began to cry "want of confidence."

The honor and credit of the nation was at stake and the gold reserve must be restored. With the greenbacks and Treasury notes they raided the gold reserve and locked it up in the vaults of banks, and these bankers were then ready to restore confidence and to maintain the honor and credit of the Government by exchanging this gold for bonds. The bonds were issued, the gold reserve was restored, and the confidence of the manipulators was restored.

The next move was to shake their own confidence, for no one else had lost confidence either in the honor of the Government or the ability to meet all its obligations in the money of the contract and that to the perfect satisfaction of the people, but in order to quiet their own fears another raid on the Treasury began; they took their hoarded notes to the Treasury a second time, drew out the same gold they had deposited, and again reduced the gold reserve in the Treasury below what they termed the danger point, and again they cried want of confidence and tried to get the people all over the country to take up the cry, and in trying to spread the contagion so alarmed the Administration that another bond issue was proposed in order to satisfy these cormorants in increasing their wealth by dealing in bonds at the expense of the taxpayers of the nation.

This was done, and as soon as the bonds were safely stored they began for a third time to raid the Treasury; and they had evidently added workers in their scheme, for there was a regular scramble among the patriots, whose confidence had been restored, to see who could draw the greatest amount of gold from the Treasury; and again it was in order to put on the sable garment of want of confidence and parade the streets as mourners over the downfall of a nation's honor and credit. And yet, strange as it may seem, this nightmare of ruin has frightened and deluded many good and patriotic men into the belief that the Government is on the verge of financial ruin.

The next move of these financiers, all clothed in mourning, was to declare that there was no relief from the disastrous consequences which surrounded the Treasury except to take up this hated and despised Treasury and greenback notes, with which they had raided the gold reserve for the third time, by issuing

\$500,000,000 in gold bonds bearing 3 per cent interest. This unreasonable and arrogant demand was acceded to by the President, who sent a message to Congress asking that power be granted to the Treasurer to issue these bonds.

It is a fact shown by the sale of the bonds that on the very day Congress was called upon to enact into law this uncalled-for measure, United States bonds, payable in coin, running for less than twelve years, were selling in the markets for 3 per cent, and yet Congress was called upon to issue gold bonds bearing 3 per cent.

Congress promptly refused to carry out this scheme of the conspirators to compel the Government to submit to their demands—the measure was defeated by a decided majority, a majority of Democrats voting against the measure.

Let it be understood up to this point it was declared the credit of the country would be ruined and the gold was still being withdrawn from the Treasury, but upon the demand being made on Congress for this bond issue, and after the defeat of the measure, gold suddenly ceased to leave the Treasury, having reached the low-water mark of \$42,240,000, and it has since that time slightly increased. The danger point was reached by the bankers themselves; they could not afford to go farther in their efforts in discriminating against their own securities, made payable in coin, as it might discredit them abroad, and they began at once to hedge against the disastrous results that might follow.

Now, to show the opinion of some of the bankers in regard to a Treasury depleted of gold, and what it means, I will quote from Mr. Henry Clews, of the firm of Henry Clews & Co., a large banking house in New York, men who have and continue to demand gold bonds. The effect of the failure of the Government, to pay gold on demand is clearly and truly portrayed by this banker in his circular of February 2, 1895.

Hear what he says:

The worst of the squall, I think, is now over. Some people have been more frightened than hurt. If the United States Treasury should by chance suspend gold payments, which is the worst that can happen, and that is not likely, even in that event the holders of legal tenders would most likely want to get out of their money and take stocks and bonds instead, as at the present prices most of the active marketable securities are about down to a solid gold basis, while the money they hold will lose its gold value, for a time at least, if the Treasury should discontinue gold payments.

The business interests of the country have gone down to a gold basis. It is so with manufactured goods of every description. It is so with iron, steel, cotton, grain, and securities also. The threat now is that the circulating money of the country is going to drop from a gold basis to a silver basis, which would be so if gold redemption of its notes were stopped by the Treasury, in which event the next turn would be for sagacious people to exchange their nonredeemable paper money into manufactured goods or raw material, such as iron, grain, and cotton; also into securities or anything else that has dropped down to a low basis of value. The feeling would set in to buy everything that looks like a bargain, which would be the forerunner of buoyant and advancing markets in all lines of business in this country.

Mr. Speaker, it seems to me that the very decided vote against the \$500,000,000 bond bill, including a majority of both Democratic and Republican Congressmen, should have satisfied Mr. Carlisle that the Fifty-third Congress would never consent to degrade its own outstanding indebtedness by making gold the only money of ultimate redemption in the interest of the creditor classes.

In view of the desperate effort to discredit the outstanding obligations of the Government, for that would be the result of the proposed legislation, during this uncalled for and, in my opinion, unwise demand made for a gold standard, the outstanding Government bonds made payable in coin have maintained a steady and uniform price, equal to that of any period of the past, in all of the markets of the world, and to-day, outside of attempted legalized legerdemain and official diplomacy, have stood the fearful strain attempted to be placed on them to discredit them in the hands of holders. Yet they maintain their accustomed value except by those who are proposing to sell them to a foreign syndicate below the market price, by private bargain with men whose very presence in the transaction cast a shadow upon the sale, at a loss of from nine to sixteen million dollars, principal and interest, to the people of the United States.

Mr. Speaker, some of us who have watched with interest each succeeding event that has transpired, and each move made by the players for a gold standard (once so vehemently denied on this floor) on the financial chessboard, are not at all surprised at this the expiring hope, once buoyant in the minds of financial plotters, that they might increase the value of their hoarded gold and give it a double purchasing power over the products of all labor. I trust that the action of this House will crush this hope and that this will be the final funeral, and that those opposing the measure will bury it so deep that it can never rise again.

The mysterious garment, confidence, has played a conspicuous part in each move, yet the credit of the Government has remained unimpaired during all of the mad, hideous cries which were calculated to destroy the confidence of our creditors in our ability to pay the small debt we owe in any money that would be acceptable to them. The written history of past events is an open book out of which we can gather information which will prove to us the power of this Government to meet all demands made upon it;

hence none who are acquainted with the financial history of our country have lost confidence in its ability to meet all its obligations and in a manner perfectly satisfactory to its creditors; none doubt this but the gold shylocks. Let us see what some of the history of the past shows. At the close of the late war the Government had outstanding demands against it for the enormous sum given below. The figures also show the amount of expenditures for all purposes up to date.

Interest-bearing debt in 1865.....	\$2,906,561,186
Bonds afterwards issued for redemption.....	195,500,000
Total.....	2,592,061,186
Bonds and interest-bearing debt outstanding now, not including those issued in aid of Pacific railroads.....	679,186,130
Paid and retired since 1865.....	1,912,895,056
Premium paid on loans and redemptions.....	119,849,886
Paid in pensions.....	1,721,394,063
Administration expenses, Pension Department estimate.....	60,000,000
Interest on public debt.....	2,468,282,731
Greenbacks retired, about.....	97,160,569
Amount paid on account of war debt.....	6,379,570,905
Other expenses paid in same period:	
War Department, for support of Army, improvement of rivers and harbors, payment of war claims, and fortifications.....	\$2,672,451,740
New department for support of Navy and building new Navy.....	746,917,248
To the Indians.....	204,242,660
Expenses of civil administration.....	2,029,032,509
Total expenses of the Government.....	5,652,674,277
Add war expenses as above.....	6,379,570,905
Grand total.....	12,032,245,282

This estimate was made by Mr. COOMBS, of New York, a solid gold-standard man, and I suppose it is approximately correct. It will be remembered that over \$6,000,000,000 of this debt was the result of the late war, when our population was less than 40,000,000, and half, or nearly so, of our people were almost paupers. Since that time our population has almost doubled, and the wealth of the country about three times what it was then, and yet under such a load of accumulated debts the country has prospered and met this vast debt with money under previous conditions and in a way satisfactory to the creditors of the Government. We are told now, with a debt of a little over a billion of dollars, in bonds, Treasury notes, and greenbacks, all told, that we are on the verge of a financial crisis such as the world has never experienced.

What a miserable subterfuge with which to alarm the country and frighten Congress into adopting the gold standard, for fear the Government will lose \$16,000,000 if Congress does not accede to the demands made by reason of a secret sale or contract entered into by those in authority to sell the credit of the country to foreign syndicates composed in part of Jewish bankers.

The representatives of the people now have it in their power by a vote to defeat this last attempt of the shylocks to put the country at their mercy by such a decided majority as will put the question at rest, for the present at least, and it is to be hoped for all time. As a Government we have placed ourselves in a most humiliating attitude, a position that should bring the blush of shame to the cheeks of every true and honest patriot.

When patriotism was the keynote that made our securities at home and abroad more desired than those of all other nations, with a ponderous debt of many billions of dollars resting upon the honor and credit of a patriotic people, there was no wrangling about the character of our money, but the moment patriotism was put aside and avarice assumed its place in the legislation of the country, that moment the greed and the spoils of trickery and traffic in the legislation of this great Republic began, in the interest of a few who were holding our securities, national and corporate, at home and abroad; they sought at once to increase their wealth by destroying half of the money of the nation under cover of protecting the credit of the Government, to give confidence.

The people are now beginning to understand this issue. The long concealed purpose has been fought under the false declaration of bimetallicism. They have deceived many good men by claims of bimetallicism; many did not fully understand the situation until the demand for the five-hundred-million-dollar gold bond issue, and this most extraordinary measure reported by the Ways and Means Committee. It is to be hoped that this House, Republicans and Democrats, will give this measure such an overwhelming defeat that it will not take up the time of this Congress any more.

The credit of this Government will not be impaired in the least if we go to a silver basis; it is not within the power of the men who are pressing a gold standard to injure the credit of this great nation, and their frantic efforts to deceive the people will fall powerless at their feet. The sovereign people of this great nation will see that its credit is not impaired either by this or any future Administration. And they will also see that the money of the people, the money of final redemption, is not destroyed at the mandate of any set of bankers at home or abroad.

There is not a man on this side of the House who would vote for any act that would cast the least degree of suspicion upon the power and ability of this Government to furnish gold when gold is needed to carry on legitimate commerce with countries that use gold exclusively; but more than half of the Democratic members are opposed to the policy or measure authorizing the Secretary of the Treasury to furnish gold for speculative purposes. We are opposed to that policy which has brought discredit and humiliation upon our management of the finances of this country by putting us as suppliants at the feet of a few foreign bankers, when it is within the power of the Secretary of the Treasury, under the law, to pay all demands upon the Treasury in either gold or silver coin.

It would, however, not be necessary to pay out one dollar in silver not wanted or desired by the creditor if those speculators were notified that no gold should go out of the Treasury to be used to discredit the nation's ability to deal honestly with its creditors. Pay gold where gold is needed to settle the balance of trade against us and for all legitimate purposes of trade and commerce. It is to be hoped that at no distant day some man will hold the important position of Secretary of the Treasury who will have the courage at least, to put it mildly, to carry out the plain letter of the law. Then this business of buncoing the Treasury will cease. Then will we cease to be the laughing stock of other nations, and not until that period arrives will prosperity return.

The Currency.

This Democratic Administration, having robbed us of our credit and our markets, is now asking for credit of Great Britain.

SPEECH

OF

HON. CHARLES CURTIS,

OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. CURTIS of Kansas said:

Mr. CHAIRMAN: While I do not fully indorse the substitute offered by the gentleman from Maine [Mr. REED], and would not support it as an original proposition, yet it is very much better than the Cleveland-Carlisle-Springer bill. It has been offered by Mr. REED as a temporary measure to meet the conditions described by the President, if which were true Mr. REED's measure would furnish sufficient and immediate relief.

The Administration bill provides for the issue of long-time gold bonds. Mr. REED's substitute simply amends the act of January 14, 1875, by reducing the interest from 5 per cent to 3 per cent, and provides that the bonds shall be redeemable at the pleasure of the United States, in coin, after five years from their date. The contention here is between a gold bond bearing 3 per cent, having thirty years to run, and a coin bond bearing 3 per cent, having five years to run.

If the amount of the loan be considered a better understanding will be had. Mr. Cleveland and his friends contend for a loan which will take from the United States Treasury, during its existence, \$55,800,000, while Mr. REED's substitute proposes to accomplish the same purpose by only taking from the Treasury \$9,300,000, or a difference of \$46,500,000 in favor of the people as against the holders of the bonds.

If the statement of the President is true that there is a sufficient amount of revenue being received to run the Government, neither of the propositions before us ought to be considered, for the Secretary of the Treasury has the power to go into the market and exchange the money held by him in the Treasury for gold if it is needed. In other words, the Secretary can replenish the gold reserve if he has surplus money lying idle in the Treasury.

According to the bulletins issued by the Treasury Department daily, showing the receipts and expenditures of the Government, there is a daily deficit of several hundred thousand dollars, and the friends of the Administration have been compelled to admit that the issuing of bonds has been made necessary and will be continued as long as the revenues are not sufficient to pay the running expenses of the Government; while at the same time it is everywhere conceded that there is no law authorizing the issue of bonds for the purpose of maintaining the Government in its daily expenditures.

Why the President in his message and the advocates of the measure now before us should misrepresent the true condition of the Treasury and claim that they are only issuing bonds to re-

plenish the gold reserve, is too unreasonable for the most credulous to consider, and the claim is made for the sole purpose of deceiving the people. If any portion of the currency redeemable in gold could not be reissued by the Treasury Department, there might be some excuse for the President and his Secretary; but it is a well-known fact that every dollar of currency presented at the Treasury Department, which is a lien against the gold reserve, is also entitled to be reissued by the Secretary, which can be used in an exchange for gold, as it is redeemable in gold. Therefore, there can be no excuse for issuing bonds in this country in a time of peace, and the policy which forces their issue is not only unwise but un-American.

Why should the people doubt the facts as to the controversy in question if we set aside the President's statement or should waive that of his opponents? The records of the Government are the best proof possible.

The excess of expenditures over receipts February 5, 1895, was \$803,947.25. The excess of expenditures over receipts for the month was \$3,014,173.54. The excess of expenditures over receipts for this fiscal year was \$36,296,652.50. If the sale of bonds is not for the purpose of reimbursing the available fund of the Treasury, from whence is the Secretary to get money to pay these great deficits which are growing daily? No further argument is needed to settle this question.

The losses sustained by the national Treasury are sufficient to explain why the want of employment among our laboring people is everywhere present; why idleness is in our great centers of industry and want is multiplied until the resources of the noblest charity ever known in civilization are overtaxed.

You may examine the history of this country and it will be shown that in every period where the balance of trade was against the United States there was a demand for money to pay the balance which should have been paid in trade. It is only necessary to show that history repeats itself, for under the Administrations of Polk and Buchanan, both Democrats advocating tariff for revenue reform, there was not enough revenue collected to meet the current expenses of the Government, when the following loans were made necessary:

Treasury notes of 1846.....	\$7,687,800.00
Loan of 1846.....	4,999,149.45
Mexican indemnity stock.....	303,573.92
Treasury notes, 1847.....	20,122,100.00
Loan of 1847.....	28,230,350.00
Bounty land scrip.....	233,075.00
Loan of 1848.....	16,000,000.00
Texas indemnity stock.....	5,000,000.00
Treasury notes, 1857.....	55,778,900.00
Loan of 1858.....	20,000,000.00
Loan of 1860.....	7,025,000.00
Treasury notes, 1860.....	10,010,200.00

178,887,846.37

Especially attention is called to the fact that President Pierce, like President Cleveland, insisted that there was more revenue than was needed, and that a further reduction of import duties was made in 1857 as a result of his recommendation. Therefore, President Cleveland is following closely the precedents established by his Democratic predecessors.

Argument is not needed to convince the people at this time that the Democratic policy of President Cleveland has been, from the time of his inauguration, March 4, 1893, to the present, to strike down the protective policy of the Republicans and destroy the use of silver as money. The people of the United States have always believed in gold and silver money and convertible paper. This proposition does not admit of controversy, for the credit of the country demands not only a sound and uniform currency, but it is now, as it always has been in the past, dependent upon a stable coin in which it is to be redeemed. The Government should not discredit a part of its coin, and Congress should never enact a law which will discredit our outstanding obligations.

With very many others, I sincerely hope that President Cleveland's bond issue will not prevail. It is not in the interest of this Government. The London Times and other English papers are frank enough to admit that the plan of President Cleveland is a detriment to the United States and will prove of benefit to Great Britain. The Republicans of the United States are to be congratulated that no measure ever advocated by them has been heralded in the English papers as of benefit to Great Britain, our great commercial rival. Therefore the success of the Republican party has been hailed with joy by the American press and the American people, while nothing but regret has marked the spirit of the English press.

This Congress can not too severely criticize the present Administration for its dealing under cover secretly with the agents of foreign bankers. The President should be given to understand by Congress that American interests should first be considered before a great opportunity is turned into the channels of profit to our greatest foreign competitors.

The false claim of the Democratic party that the policy of the present Administration has not been in the interest of foreign

bankers and foreign producers, and that the Gorman-Wilson bill was enacted in the interest of the farmers and the producers of the United States, needs only a passing thought. I desire to call attention to the last statement of the imports and exports, in which it is found that in December, 1893, under the operation of the McKinley law, only 83 head of cattle were imported into the United States, while for the month of December, 1894, under the Wilson-Gorman law, 27,192 head were imported to compete with the product of American farmers. May this be a sufficient answer.

The Democratic claim, through the policy inaugurated, that we should find open to us the markets of the world has proved a strange deception, by which we have given away our own markets and have not found a place in which to sell our products. There is a remedy for all this, but it will never be applied by this Administration; but it is to be hoped that the Republican House, lately chosen, and a Republican Senate in the near future, with a Republican President as the Chief Executive, to be chosen in 1896, we may once more find the gold reserve intact, when questions about currency and revenue will cease to agitate the public mind and bond issues will become again incidents of the past, and we shall take up the march of prosperity by redeeming lost ground and wasted opportunities, that our people may once more be profitably employed, when there shall be fulfilled every promise made by the leaders of the Republican party of better times because of better opportunities, and when we shall again rebuild the waste places, having established confidence in the restored credit of the country and its ability to meet all obligations.

Our people remember the promises made by the leaders of the party now in power of better currency, a better market, and better times; yet inside of two years they have deranged our currency and threatened to destroy it, and times are worse than they have been for thirty-five years.

The friends of the President have had much to say about his wise financial policy, but the truth is the only thing he has done is to degrade our financial system; by his unwise and un-American policy he has changed this country from a bond-redeeming to a bond-issuing one.

The Currency.

SPEECH

OF

HON. J. R. WILLIAMS,

OF ILLINOIS,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. WILLIAMS of Illinois said:

Mr. CHAIRMAN: It is proposed by the pending bill to authorize the Secretary of the Treasury to issue about \$500,000,000 of 3 per cent gold bonds for the purpose of reducing and canceling all the greenbacks and Treasury notes issued under the Sherman Act of 1890. As these greenbacks and Treasury notes are retired their place is to be taken by currency issued by the national banks. I do not believe that the people I represent on this floor are in favor of retiring all our greenbacks and Treasury notes, a noninterest-bearing debt, by fastening upon the people of this country an interest-bearing debt of \$500,000,000, which may run for fifty years and on which the people may be required to pay \$750,000,000 in interest; and all this for the purpose of allowing the national banks to furnish the people with currency instead of having it furnished by the Government.

For years our greenbacks have been a favorite money with the common people, and I believe they have as much faith in their value as they will have in bank notes, which are more expensive to the people. It is true the national-bank notes are secured by the bonds of the Government which are payable in coin, while the greenbacks are payable in the same kind of coin and secured by the same Government. Besides, Mr. Chairman, it seems to me that the power to issue and control our entire volume of paper money is a great and dangerous power to place in the hands of banking corporations. These corporations are but human, necessarily selfish, and they would increase the currency when it was to their interest to do so, and contract it when their interest required it.

The power to control the amount of money to be used by the people means the power to control the price of products, for the price of products depends in part upon the amount of money among the people to effect exchanges. Gentlemen talk about taking this

money question out of politics. Sir, when you put it under the control of the national banks you are placing it right in the center of politics; you give this great power over the fortunes of our people to the banking corporations of this country, and they will not only strive to retain such power, but to enlarge it at every opportunity. They will lose sight of all other questions of government, and their great influence will be controlled by this one issue in the election of Presidents, Senators, and Representatives.

We can not afford to put ourselves at the mercy of these greedy corporations. That is one great trouble now. The great banking houses of the country are in control of our financial affairs, and while they number in their ranks some very able financiers, they are no more patriotic than other people, and necessarily study these questions from a selfish standpoint. All the plans and schemes which these bankers invent and suggest to the President and Secretary for the relief of the country are those plans which will best serve their own purpose of making money out of money.

The great influence of these banking institutions over financial legislation was very manifest in the repeal of the purchasing clause of the Sherman law. There is no doubt in my mind that they did much to bring on the embarrassing situation which forced the unconditional repeal of that act, and many of them declared at the time that the repeal of that law would restore public confidence and bring a return of prosperity to all our people; but after the repeal of the Sherman Act these banks, instead of doing what they could to restore confidence in our finances, went to work to secure the retirement of our greenbacks and Treasury notes, in order that they might have the power and the profit of furnishing the people all their currency.

It would seem that those banks, after they had fixed a limitation upon silver and Government currency, should have had sufficient confidence in our money to cooperate with the Government in restoring confidence among the people. But these bankers, encouraged by the success of their attack on silver, began to use our greenbacks and Sherman notes to draw gold from the reserve, so as to create a prejudice against the greenbacks and Sherman notes, and bring about such an embarrassing condition of the Treasury as to force Congress to retire all this paper currency of the Government, and give the banks the power to issue their own paper to take its place.

Mr. Chairman, we have not a sufficient amount of gold to maintain our present volume of paper money on a gold basis whether such currency is issued by the Government or by the banks. In order to make our paper money safe and sound it should be based upon a sufficient volume of coin, and in order to maintain a sufficient volume of coin for the redemption of our currency we must come to the use of silver for standard money as well as gold and the free coinage of both metals upon the same terms. Several nations in the old country to-day are engaged in the same scramble for gold that we are.

The trouble is there is not enough gold in the world to furnish the people a sufficient supply of coin, and to destroy the use of silver as money and confine ourselves to gold alone means such a great contraction of our money as to force the price of products much lower than what they are. This universal demand for gold, coming from so many nations at the same time, gives gold a higher value, and the higher you make gold the lower you make wheat, the scarcer you make money the cheaper you make products, for the less money you have the more products it takes to secure a dollar.

But, Mr. Chairman, why should we buy gold to redeem the Sherman notes when we have in the Treasury belonging to the Government more than enough uncoined silver to redeem all these Treasury notes, and the law under which they were issued provides that they may be redeemed with this same silver for which they were issued. What do the gold advocates propose to do with this \$180,000,000 of uncoined silver now in the Treasury, if they redeem the Sherman notes with gold? This great volume of silver belongs to the people and should be coined for their benefit, instead of allowing it to remain idle in the Treasury as dead property and taxing the people to buy gold to use in its stead.

The people are not afraid to use this silver; why not allow it to be coined into standard silver dollars and issue on them silver certificates of small denominations to circulate among the people, where they would not annoy the banks. With the Sherman notes thus disposed of we would have only our greenbacks left, amounting to about \$340,000,000. For nearly twenty years we have maintained these greenbacks at a parity with coin, and I believe we are still able to do so. Our people are just as patriotic and our Government just as solvent as any time in its history, and no member of this House or citizen of this Republic expects or desires any obligation of this Government to be paid in any other kind of money than that which is worth 100 cents on the dollar, whether valued in gold or silver coin. With the present amount of money which we have in the United States, limited as it is, and with such a demand for it in the development of our country,

there can be no real danger that a single dollar of it will ever go to a discount.

Mr. Chairman, I am further opposed to this bill for the reason that these bonds are made payable in gold. All our Government bonds are made payable in coin, gold or silver, and to-day are selling at a premium, unless it is those bearing 2 per cent interest. There would be no difficulty in floating a coin bond. I do not believe it would be wise to make this change in a long-established policy of this Government. I do not believe we can afford to make such a discrimination against our great volume of silver coin.

Whatever may be said against the further coinage of silver, certainly every patriotic citizen desires to see the parity maintained between gold and our present silver coin, amounting to about \$500,000,000, including fractional coin. For this Government to issue bonds payable in gold would be to recognize a difference between our gold and silver coin which does not exist, and this very act would tend to drive gold to a premium and silver to a discount. For whenever you make these bonds payable in gold you make it to the interest of those bondholders to force gold to a premium, and thereby increase the value of their bonds.

When the National Government once agrees to make its bonds payable in gold, States, cities, counties, towns, and individuals would soon be required to make their obligations payable in gold, and we would soon find ourselves upon a gold basis. So this is a blow at our silver coin I shall never strike. I believe in the same kind of money for the bondholder as the plow holder. I do not believe in gold for the bondholder and silver for the plow holder. Let us have the same kind of money for all classes of our people, gold and silver coin, paper money based on these two metals redeemable in either, at the option of the Government, and every dollar worth 100 cents in every part of our country. If we begin to favor a privileged class with gold such a discrimination is bound to result in forcing the two metals apart.

It is true, Mr. Chairman, that the gold advocates claim the coin obligations of the Government are payable in gold, but the law does not say so. The word coin in these bonds and notes of the Government was construed to mean gold by a Republican Administration away back in 1879, and such construction has been followed by every succeeding Administration down to the present time. That is, the law gives the Government the option to pay in gold or silver, but the Government has always given the option to the bondholder and note holder. Mr. Chairman, it is plain to everyone that it would be much more difficult for an Administration to reverse this policy now than it would have been to give the Government the option in the beginning.

It is true, Mr. Chairman, that the Treasury is in a much less solvent condition now than it was a few years ago, and I shall endeavor to show that this condition is not due to the effect of the new tariff law, but to the extravagant use of public money in the administration of our Government by the Republican party. Ever since the legislation of the Fifty-first Congress, which was Republican, went into operation our annual expenditures have been largely increased; up to that time our revenues were increasing over our expenditures.

At the beginning of Mr. Cleveland's first term the available funds in the Treasury, exclusive of the gold reserve of \$100,000,000, were \$146,679,946.85, and at the close of his first term the available funds in the Treasury, exclusive of the gold reserve of \$100,000,000, had increased to \$230,348,916.12, and yet Mr. Cleveland had paid on the public debt during his first Administration \$341,448,449.20. This shows the available funds in the Treasury during Mr. Cleveland's first term increased nearly \$84,000,000, notwithstanding the great amount paid out on the public debt.

Mr. Harrison began his term with \$230,348,916.12 of available funds in the Treasury not including the gold reserve of \$100,000,000, and at the close of his Administration the available funds in the Treasury had been reduced to \$63,450,575.18. There was paid on the public debt during Mr. Harrison's Administration as shown by the records \$258,709,727.35, this being nearly \$83,000,000 less than was paid on the public debt during the first term of Mr. Cleveland. To repeat, the available funds in the Treasury during Mr. Cleveland's first term were increased nearly \$84,000,000, while during Mr. Harrison's Administration the available funds in the Treasury were reduced nearly \$170,000,000.

This was bringing the Government toward insolvency at a very rapid gait. Again, the total expenditures of the Government from January 1, 1886, to January 1, 1889, being the last three calendar years of Mr. Cleveland's first term, amounted to \$811,446,871.82, while the total expenditures of the Government from January 1, 1890, to January 1, 1893, being the last three calendar years of Mr. Harrison's Administration, amounted to \$1,015,495,814.72. In other words, the last three years of Mr. Harrison's Administration cost the people over \$200,000,000 more than the last three years of Mr. Cleveland's first term, and yet Mr. Harrison paid much less on the public debt.

The total expenditures of the Government from January 1, 1888, to January 1, 1889, being the last calendar year of Mr. Cleveland's first term, amounted to \$275,325,068.84, while the expenditures of the Government from January 1, 1892, to January 1, 1893, being the last calendar year of Mr. Harrison's Administration, amounted to \$367,202,524.98. That is, the last calendar year of Mr. Harrison's Administration cost the people about \$92,000,000 more than the last year of Mr. Cleveland's first term.

These figures, taken from the records of the Treasury Department, clearly show what party is responsible for the present condition of the Treasury. These increased expenditures of public money began with the Reed Congress, under Mr. Harrison's Administration, and that Republican Congress not only largely increased the annual appropriations over those of any previous Congress, but it enacted legislation which fastened obligations upon the Government that will not be discharged for years to come, and which makes it impossible for the present Congress to make any substantial reduction in appropriations.

In answer to the charge so frequently made by the Republicans that our revenues are falling off on account of the new tariff law, I wish to submit a few figures taken from the statements and reports of the Secretary of the Treasury, which are not only official but perfectly reliable. The total amount collected by the Government from customs and internal revenue during the seven months ending January 31, 1895, five months of which were under the new tariff law, was \$178,221,492.36, while the total amount of revenue collected from the same source under the McKinley law during the seven months ending January 31, 1894, was only \$165,957,288.22.

That is, the Government collected over \$12,000,000 more revenue during the last seven months than was collected during a corresponding period in 1894, under the McKinley law, from the same source. Take the five months ending January 31, 1895, all of which was under the new tariff law, and we find the total revenues collected from duties on imports alone amounted to \$66,793,993.86, while the total amount collected from the same source under the McKinley law during the five months ending January 31, 1894, was only \$54,396,015.37. Next, take the month of January, 1895, under the new tariff law, we collected from duties on imports alone \$17,361,916.25, while the amount collected under the McKinley law from this same source during the month of January, 1894, was only \$11,454,803.14, making a difference of nearly \$6,000,000 in favor of the new tariff law during one month on customs alone.

So, Mr. Chairman, while this Democratic Congress reduced taxes upon many of the necessities of life, it also increased the revenues of the Government; yet, in spite of these figures from the Treasury Department, Republicans insist that the deficiency in our revenues is due to the new tariff act, while as a matter of fact, this deficiency is largely due to the great increase of public expenditures caused by the extravagant legislation of a Republican Congress. So far we have received but little tax from sugar under the new law on account of the large supply of sugar imported just before the law took effect; hence, our revenue from sugar importations will soon begin to increase.

Up to this time we have received no revenue from the income tax, but within the next few months it is estimated we will receive from \$15,000,000 to \$20,000,000 from this source and a much greater sum hereafter. So it must be plain to every fair-minded man that the Government will soon be receiving much more revenue under the new tariff law than it would have received under the McKinley law had it remained in force; and there is no question but what our revenues will exceed our expenditures just as soon as normal business is restored.

Mr. Chairman, I admit we need financial legislation, and I am sorry that we have not been able to agree upon some measure that would benefit the people. While we were discussing the repeal of the purchasing clause of the Sherman Act in August, 1893, I then insisted upon this floor that we should at that time go into a full consideration of the financial question and agree upon some measure that would give relief to the people. But the gold advocates insisted that we should repeal the Sherman law first and legislate on silver afterwards, and this kind of talk induced some silver Democrats to vote for unconditional repeal.

The purchase of silver was stopped and the gold advocates got their desire. But what did the silver Democrats get? Nothing but the veto of the seigniorage bill. So the gold advocates have received some legislative comfort during this Administration, but not one crumb of comfort has fallen to the silver Democrats during this entire Administration. Whatever concessions have been made on these questions have come from the silver men, and we have appealed in vain to that provision of the Chicago platform which declared for both gold and silver as standard money.

Now, when the people in their anxiety cry out for legislation on this question, do they expect the friends of silver to abandon their principle, forget the promises upon which they were elected, desert their cause, and join in legislation hostile to silver in order

to restore confidence in the advocates of gold? Sir, I know not what course others may take, but for me I shall never support a measure which tends to elevate our gold coin above our silver coin. For if we are to use these two coins as money successfully we must use them upon the same terms, and not crown one as master of the other.

There are some people who are so alarmed at the condition of our finances as to think any kind of legislation at this time is better than no legislation at all. But for myself I would rather stand here and oppose bad legislation than to assist in placing it upon the people in order to relieve them from imaginary fears. The fact is, the Treasury of the United States is in very good condition, if the people were only permitted to think so. But these constant cries of alarm have tended to excite the people and render the situation more serious apparently than what it really is. We have in the Treasury to-day of available funds, exclusive of the \$100,000,000 reserve, over \$80,000,000 to meet current expenditures, and our revenues increasing.

Now, as there is no possible chance for this bill to become a law, why should it be here? Why prolong this agitation? It can only aggravate the situation. If we can not have legislation let us at least have rest. Let the fears of the people subside and their attention be turned to their business affairs until this great financial issue comes directly before them for their consideration and judgment, as it must in the near future. I regret that we have not been able to increase our volume of standard money according to the Chicago platform; but no legislation friendly to silver can be enacted until the people who favor the cause of silver unite upon that issue and send to this capital a President, Senate, and House of Representatives pledged to such legislation. Sir, the contest of bimetalism against gold monometallism must pass from this Chamber to that great tribunal, the American people, where the cause of silver will be taken up with patriotic devotion and carried to a triumphant victory.

Pension Appropriation Bill.

The soldier should be placed in a position where he can go with his honorable discharge, and by the mere production of that discharge, before the proper authorities, have himself placed on the roll of honor, and defy party manipulation and partisan interference.

The soldier of my country who marched and fought in the great campaigns that saved the Union ought not to be made the football of party politics.

SPEECH

OF

HON. CHARLES H. GROSVENOR,

OF OHIO,

IN THE HOUSE OF REPRESENTATIVES,

Friday, December 14, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8092) making appropriations for the payment of invalid and other pensions of the United States for the fiscal year ending June 30, 1896, and for other purposes—

Mr. GROSVENOR said:

Mr. CHAIRMAN: I do not intend, in the discussion of the questions involved here, to invoke any partisan or sectional spirit. It has been a long time since I, either in the House of Representatives, or on the stump, or in the press, or anywhere else, sought to revive any of the animosities of the war, and I have labored constantly, in season and out of season, to do my share to restore a united country; and, Mr. Chairman, I am happy to say that I have lived long enough to see my wishes and my prayers in a large degree answered and fulfilled.

On an occasion like this it is not necessary, for the purposes of my argument, that I shall invoke the spirit of sectionalism and partisanship; and yet I shall criticize from certain practical standpoints, the administration of the Pension Bureau; but I shall attribute the difficulties arising here more to a faulty system than to an unpatriotic wish of any man connected with the Administration.

I have long ago concluded that there is nothing in the administration of the affairs of our country more obnoxious to the higher instincts and aspirations of an American citizen than is the administration of the Pension Bureau, and I plant myself upon that ground without the purpose of criticising one party in its administration, so far as this suggestion is concerned, above another. I am opposed to the whole system. I do not believe in it. I believe that there is a vice in connection with it that is fundamental, that is organic, and that can only be gotten rid of by a complete revision, if not revolution, in the entire system of pension administration, and hence of pension legislation.

Before I proceed further upon that particular line, I propose to criticise the attitude of the Appropriations Committee in the matter especially of this appropriation bill, and I do it the more readily

and the more vigorously because a year ago I sounded the note of criticism upon the exact condition of things which we have here to-day.

My position is that in this connection, in the matter of the estimates for the pension appropriation bill, there ought to be given to the country the fullest possible knowledge of the purposes of the committee, in asking the appropriation which they have asked for here. One year ago, upon a discussion of this bill, in the first session of this Congress, I used the following language:

We have reached almost the end of an average generation of men since the war closed, and we are here to discharge a single duty, and that duty is to appropriate money enough to meet the demands upon the Treasury of the United States to be made in pursuance to law by the soldiers of the country. If I felt absolutely sure, Mr. Chairman, that the administration of the Pension Office would disburse the amount of money carried in this bill, I should feel greatly relieved in my mind as a friend of my comrades of the late war. But when I read the statement of the Commissioner and see the illogical position in which he has placed himself, I am afraid that the threats which were made at the beginning of this Administration are to be carried out; and that the "roll of honor" which you are talking about is to become, so far as your actions can affect it, a roll of infamy. I do not believe it is possible—I do not believe any man believes it is possible—that the just claims upon the Treasury can be met by the appropriations carried by this bill.

I stand here now to sound a warning note, which I will reiterate, if my life is spared, a year from now—that you in passing this bill with this inadequate appropriation will do one of two things; you will either violate your duty to the old soldier in one of the ways which I will try to point out later on, or else you will have to create an enormous deficiency to be covered by this Congress in the year which is to follow.

And right here I might as well ask what is to be done during the coming fiscal year by the Pension Bureau, with the nearly 600,000 unadjudicated pension claims pending in the Bureau of Pensions to-day. What estimate is being made by the Commissioner of Pensions in this statement, which is a part of the report of the Committee on Appropriations connected with this bill in their behalf? What is to be done with those claims? I stand here to say that a close analysis of his entire statement shows that he does not propose there shall be during the coming year any considerable number of favorable adjudications of the 600,000 pending pension claims. In no other way can this estimate be accounted for.

That was my opinion a year ago, and to-day you read it as history as well as prophecy. That bill carried an appropriation of \$150,000,000, and was a reduction from the former appropriation of the year before of \$15,000,000. To-day it is ascertained and reported that of that \$150,000,000 there will be at least \$10,000,000 which will not be disbursed during the year for which, and in which, it was made applicable to pension claims.

In other words, my fears expressed less than a year ago—for the speech was made in March, 1894—have been more than realized, for not only has the Pension Office failed to disburse the entire sum, but we have information, semi-official if not official, that there will be \$10,000,000 of that sum at least, and probably more, left unexpended; so that in a single year there is a reduction in the payments of pensions aggregating \$25,000,000 from the preceding year 1892-93.

Now it is said that the burden of proof is upon the critic of this condition to show wherein the Pension Office has fallen short of its duty in this behalf. Well, Mr. Chairman, I assume the responsibility of that attitude only up to a degree, and not fully, for I maintain that it is the duty of this committee to bring here an estimate that will inform Congress of all the facts necessary to a complete adjustment of this great question. The estimates are totally incomprehensible and unintelligible. That was the point I made a year ago, and that is the point I reiterate to-day. That is the point I asseverate with greater assurance that my criticism is just, than that which I held a year ago.

I wish to call the attention of the distinguished gentleman from Massachusetts [Mr. O'NEIL], chairman of the subcommittee having charge of this bill, to a point upon which I want an explanation, and I think it will be better for him to take time in his own time to make that explanation than to respond immediately to my suggestion.

It appears by the report of the Commissioner of Pensions, which I hold in my hand, that there are something like 600,000 pending pension claims; and of that number there are 287,209 original claims for original pensions whose claims are at this time unadjudicated and who are drawing no pensions whatever under any of the existing laws of the country. Now, I can not understand, Mr. Chairman, in the first place, how there can be, how there ought to be at least, any such number of claims unadjudicated at this time.

I am not going to point out now the dereliction of this Administration nor the superior action of the former in this very connection; but I submit it is the same, or that it is a just criticism upon the administration of a great bureau of this Government, charged with so simple a duty as that of the adjudication of pension claims, a very large proportion of which are lodged under the law of 1890, that there should be hanging up anywhere, everywhere, all put together of almost 300,000 original claims for pensions unadjudicated.

I can not understand how it is that the Pension Office can justify its conduct; and when I say the Pension Office, I mean the administration of it from the date of the passage of the law of 1890 down to the present time. It has been more than four years since the passage of that act, and the conditions incidental to the right to have a pension certificate, not a pension claim, have been that the soldier served in the Army for not less than ninety days, was honorably discharged, and is suffering under some disability in a pensionable degree.

Now, it seems to me that the Pension Office ought to have been

able—I do not stand upon the apparent conditions—I say what the Pension Office ought to have done, what the Pension Office could have done, and the Pension Office having failed to do it, we must therefore look for something other than inability, something beyond the lack of time, something other than the magnitude of the work before it. With the record of the soldier in the War Department in a branch of this administration of this Government that is always up to date, always up to time, the Record and Pension office of the War Department, what is to delay the adjudication of a pension claim? Simply the proof must be made that the soldier is suffering.

We have a small army of pension agents all over the country—I mean pension examining surgeons. They are to meet every Wednesday throughout the whole United States. Every Wednesday there are three gentlemen who get together in each county. They can make those examinations at the rate of twenty-five a day by each board. I state that of my own knowledge. They can without the slightest trouble ascertain whether the soldier has a disability in a pensionable degree. They can decide his case and give him a pension, and if he has not, they can decide his case and refuse him a pension. So that we must look somewhere other than to the magnitude of this work to see why it is that this work has not been performed.

I now come to the appropriation pending before the committee at this time, and examining the reports and estimates of the committee, I think you will see exactly where the trouble lies, and it is that feature of the administration of the Pension Bureau that I am here to criticize. It was very easy for the Pension Bureau to have told us exactly what was to be done with the \$140,000,000 carried in this bill. It was just as easy to have divided up that \$140,000,000 and distributed it under that estimate as it was to take the \$1,000,000 that is to be given to pension examiners and to the incidental expenses of the administration of the Bureau.

It is not a matter that is beyond the comprehension of man at all to say what is the necessity for this \$140,000,000, and if we could have that information out of the Pension Office and through the Committee on Appropriations, we would stand in the position of acting intelligently upon this great question; but we can not. Challenged a year ago upon this exact question, they come in with a lump sum of \$140,000,000, and I am justified in saying more than that, that they having neglected to give us the information I am justified in saying that they have refused to give us the information.

Now, let me itemize my objections. Why not tell us upon an estimate that could be made almost correct, how much of this money is it necessary to appropriate for the purpose of paying Mexican pensions?

Mr. O'NEIL of Massachusetts. Turn to page 39 of the Commissioner's report and you will find it.

Mr. GROSVENOR. Very well. That shows it is very easy. How much to the soldiers of the war of 1812?

Mr. O'NEIL of Massachusetts. The same table gives it.

Mr. GROSVENOR. The same table. Now, will the gentleman follow it along? How much of the fund is to be disbursed under the acts prior to the act of 1890? Let us have that.

Mr. O'NEIL of Massachusetts. They are all in that table—Table No. 1.

Mr. GROSVENOR. Yes; exactly. But will the gentleman tell us how much is estimated to pay the pensions accruing and to accrue of the 287,000 undisposed-of pension claims now pending in the Pension Office?

Mr. O'NEIL of Massachusetts. Yes, sir; the difference between the amount mentioned in Table No. 1 and the amount appropriated in the bill—\$10,000,000.

Mr. GROSVENOR. The amount in round numbers in the Table No. 1.

Mr. O'NEIL of Massachusetts. Not in round numbers.

Mr. GROSVENOR. The difference between the amount in the table, not in round numbers, and the amount asked for in the appropriation. Now, how much is that?

Mr. O'NEIL of Massachusetts. Ten million dollars.

Mr. GROSVENOR. Mr. Chairman, I have no disposition to criticize the gentleman's figures because they come, I assume, from an official source, but this is the first time we have ever been able to ascertain how much it was calculated by the Department would be applied to the payment of the 619,000 pending pension claims. The gentleman says it is to be \$10,000,000. That would be, perhaps, about \$14 per capita. How many of the 619,000 pending claims is it estimated will be added to the pension roll during the coming year? There is no estimate whatever.

What has been the practical operation of this procedure? How did they manage to get along with \$150,000,000 appropriated a year ago, so as to startle me, if not the country, by an assumption here that there were \$10,000,000 more appropriated than there ought to have been. Mr. Chairman, I can tell you how it has been done, and that is what I complain of. It is on that ground that I criticize; it is on that point that I am not satisfied. They have done it by the suspension, and the ultimate dropping from the pension rolls of soldiers enough to accumulate a fund to make good any possible additions to the pension rolls which they were willing to make during the long fiscal year of 1893-94.

When you ascertain that particular fact, when you ascertain that there have been almost as many dropped as have been added, then you can very easily understand how this round sum misleads the people of the country. You can very easily understand, also, why it is that the Pension Office is going so slow in the administration of its duties. You can very well understand why, from this single standpoint alone (though there is another to which I shall allude later on), 1,900 men in the State of Ohio were dropped or suspended from the pension rolls in two months of 1893, and you can very well understand how only 1,300 of them have been reinstated. What I complain of is that these figures are so indefinite that they give no information to Congress as to the generosity or the parsimony of these pension appropriations.

Why, Mr. Chairman, here are 300,000 original pending pension claims. Is there any man who doubts that at least 250,000 of those claims are just as honest as any of those that have been allowed? I place the figure away above that. I undertake to say—and I cite in support of the assertion the nonsuccess of the Bureau up to this time in discovering fraudulent claims already allowed or fraudulent claims upon which application alone has been made—I undertake to say that there are fully 275,000 of those 300,000 original pension claims which, at least under the law of 1890, are just as legal, just as meritorious, as the majority, or as the average, of those claims which have heretofore been allowed by the Pension Bureau.

Now, these claims were filed, many of them, as far back as 1890, and all of them as early as 1891. So, if there is a legal claim for a pension, under the law of 1890, the aggregate amount of it, up to this time, if allowed at \$8 a month, would be something like \$300 or \$350. That would be the average per capita of the claimants. Multiply the number in my estimate, 275,000, by \$350, and you have the amount of money that ought to be available, unless the Pension Office has inferentially given us notice that it is not going to allow those claims during the coming year, and that the same dragging policy, the same painful delay, the same unwillingness to do the fair thing, that have been incident to the administration of this Bureau, in greater or less extent, from its organization down to the present time, and which have become an abuse under the present administration, are to continue. Where is the estimate?

I am not speaking now about increases. I am not speaking about the men who have been cut down from \$12 a month to \$6 a month and whose applications are pending for an increase—more than 300,000 of them. What is to be done with them? Will the gentleman when he comes to reply—if he sees fit to recognize the necessity for a reply in the remarks I am making—will he tell us where is his estimate for the increase of the pensions of the over three hundred thousand cases that are pending in the Bureau? I think it is fair to say that there ought to be 275,000 original pensions granted upon the claims now pending in the Bureau. I think there ought to be at least 200,000 increases of the men who have been cut down under the recent rulings to \$6 a month from \$8 or \$12 a month.

Mr. PICKLER. In your estimate what would be a reasonable time for the Bureau to complete all that work?

Mr. GROSVENOR. I have already said that I can not understand why there should be any considerable delay in the action of the Bureau upon those claims under the law of 1890. And, Mr. Chairman, without going into detail, I assert without qualification that when I see a case under the law of 1890 re-referred, with a long printed catalogue of questions to be answered, years after the claim has been filed, years after the report of an examining board has been filed, and when I see a series of letters written to persons supposed to have knowledge of the cases, and when I see requisition after requisition made upon the claimant for matters that seem to me to be absolutely immaterial and unimportant, I can not but feel, in the light of this whole procedure, that there has grown up in the Pension Bureau, possibly not intentionally, a condition, a system, which tends to go backward or stand still, instead of to go forward. I insist that that is a necessity which is a fair and just one; and the statement is not so strong as I might with propriety and justice, in my humble judgment, make.

So I say that in my opinion if the gentleman from Massachusetts, with his mathematical mind, will analyze these estimates, he will be unable to show to the country that there is any fair estimate here of original allowances or the allowances of increase.

And I fear, and I think I may say with justice, that in the light of the past, I believe that these estimates are based, among other things, upon a deliberate purpose to whittle down the payments at one end of the line in order to offset the increase at the other end. So that when my comrade in Massachusetts is allowed an increase of pension or an original pension claim, I fear it is the settled policy of this Department, under the present administration, to make the payment of that pension contingent upon the taking away of the pension or the reduction of the pension of my comrade in Indiana or Illinois.

There is something singular in the correspondencies, as we say in regard to certain matters of discussion, between the reductions at one end of the line and the increases at the other. There is something startling in the fact that one seems to keep pace with the other. Now you see how easy it is to adjust that. The pulse of the appropriation is felt and counted by the Bureau every morning; and

if the beats of the pulse are growing a little too rapid by reason of the addition to the roll of a few pensioners, the pulse beats of the appropriation are reduced by the application of a remedy at the other end of the line which consists in cutting down somewhere an adequate or an equal amount of the expenditure.

Now, Mr. Chairman, I want to speak to another branch of this subject incidental to my opening remarks. I believe that the whole system of pension appropriation and administration that has for its basis the degree of suffering, the degree of disability other than the maiming and wounding of the soldier, is vicious, essentially vicious, and ought to be done away with.

Human nature is of such a character that in great political contests no agency that is available for the purpose of political manipulation will ever be lost sight of or ever be left unappropriated by political parties. I need not here reiterate what I said a year ago, that during the year 1893 the administration of the Pension Office, with or without the knowledge, with or without the connivance, with or without the consent, of the Commissioner of Pensions, did become in certain instances a political machine which was worked in the interest of party politics. And without objection, I will put into my speech, for the purpose of vindicating the reiteration of my statement, a letter or two from the chairman of the executive committee of the Democratic party of my State, in which he clearly indicates and clearly demonstrates that he was working the machinery of the Pension Office in the interests of the Democratic party.

The following is from my speech of one year ago:

I will read you two letters from the chairman of the Democratic State committee of Ohio, and you will see whether or not the soldier roll, this "roll of honor," was being tampered with in the interest of partisan politics; and if there is a gentleman on this floor who will defend conduct like this, then I have no argument to address to him. Bear in mind that 2,000 soldiers in Ohio had been stricken down, and bear in mind that one by one they were being reinstated. Bear in mind that a hot political campaign was in progress, and the election was close at hand.

Here is a copy of a letter sent to an old soldier in East Liverpool, Ohio:

OHIO STATE DEMOCRATIC COMMITTEE,
Columbus, Ohio, October 17, 1893.

DEAR SIR: On September 19 your pension was increased. This was done by a Democratic Administration. Do you approve its action? and can Republican politicians still make you believe that your vote is their property? They have, as you know, claimed the vote of every ex-soldier who obtained a pension during Republican rule. We make no such claim. You were granted an increase by a Democratic Administration because you deserved it, and not as a bribe or an act of charity.

The contest this fall is more between the farmers and working people against monopolies and trusts than between Democrats and Republicans. We ask you, as an intelligent citizen, to vote the Democratic ticket, because it is for your own best interests so to do.

Very truly yours,

J. P. SEWARD, Chairman.
WILLIAM T. WEAR, Secretary.

Read this letter carefully. "Your pension was increased." How did the Democratic committee ascertain that fact? Who told this committee, and for what purpose? When did this system begin? Who inaugurated it? "You were granted an increase by a Democratic Administration." Why was this said? And finally we ask you "to vote the Democratic ticket." This is the whole thing. Shame! Shame! It is a disgrace to the brain which concocted the miserable scheme, and I denounce the scheme as an outrage upon fairness and an insult to the old soldier.

This scheme, in spirit and largely in detail was worked from one end of Ohio to the other. I can publish a mass of facts and details which will show how this was done. That the soldiers resented all this and voted to denounce and condemn it, does not remove the stain. This fact does not change the deep disgrace of the whole wretched business.

Then I will give you another of the same kind. Here is one which was sent to pensioners at the National Home at Dayton and the State Home at Sandusky:

OHIO STATE DEMOCRATIC COMMITTEE,
Columbus, Ohio, October 17, 1893.

DEAR SIR: We have fully exposed the Republican conspiracy to capture the soldier vote by having pensions suspended, and will now ask you to allow us to aid you, if possible, in securing your reinstatement, which from information we have you are entitled to. We will write Senator BAIRD, asking him to look the matter up. You are probably one who was suspended on information furnished by some Republican sneak in your own neighborhood.

We propose to demonstrate fully to the soldiers of Ohio that this disreputable scheme will not work and that the Democratic party is really their true friend.

Very truly yours,

J. P. SEWARD, Chairman.
W. T. WEAR, Secretary.

And now, lest I may be considered unfairly critical at this point, I want to say that this manipulation of the Pension Bureau for party purposes is an incident to this whole system, which, in my judgment, can only be gotten rid of in one way. It is not confined alone to one party; it has not, I mean, been confined alone to one party; but it has been carried under the present administration to a degree that it never reached within my knowledge under any other administration. The Democratic party surely is estopped on this floor from saying that my general statement is not a true one; for they themselves labored long, and I must say with some degree of success, to show that the Bureau under Republican administration had been unjustly handled in that same direction.

Mr. O'NEIL of Massachusetts. I would like to say to the gentleman that the question of the administration of the Pension Bureau will come up more properly on the legislative bill, and that we have nothing to do here now except to make the appropriation.

Mr. GROSVENOR. Well, we may possibly give the gentleman further light on this subject at the time the legislative bill is under consideration; but it is fairly competent in a discussion upon such a bill as this—it has always been the practice of the House—to enter upon this line of remark.

Mr. O'NEIL of Massachusetts. I do not make objection.

Mr. GROSVENOR. I say it stands on record in this House that the Democratic party claimed that the Republicans have thus manipulated that Bureau; and I certainly one year ago proved beyond a reasonable doubt a similar charge against the present administration of the Bureau so far as the politics of my own State was concerned. I showed then, Mr. Chairman, that nineteen hundred and odd pensioners were dropped without notice, in plain violation, as I said then, and as I say now, of every principle of right and justice—dropped without notice, without suggestion; and I showed that thirteen hundred and odd of those men, largely if not wholly at the request of Democratic politicians and to a large extent at the request of the Democratic chairman of the Democratic committee of Ohio, were reinstated without any examination, without any evidence, and simply at the suggestion of partisans in politics, for the purpose inferentially of making them Democratic voters at the election.

I might go a little farther, Mr. Chairman, and point out some of the singular results of the recent conditions in Ohio; but inasmuch as it would seem as though the Democratic party in my State could not have had a great amount of outside influence in its behalf in the recent election, I will pass that over. It is hardly worth while to complain of the efforts of a political party in a State where in 1892 it came within a thousand votes of carrying the State, where a year later it lost the State by 81,000, and one year later by 137,000. So that the efforts which I could demonstrate it to have made in this direction comes under the rule of *de minimis* in the effect that it had upon the election. So I will say nothing further about that.

What I want to get at is that these abuses are incident to a condition that gives to a bureau headed by a partisan politician and every appointment under which is a partisan appointment—

Mr. COOMBS. What does the gentleman say about those 1,600 Republican appointees in the Bureau of Pensions?

Mr. GROSVENOR. If they were where they could do any harm they would not be there; and nobody knows it better than the gentleman from New York, who assumes to know something about everything.

The last blow is the blow that hurts. The examination of these cases does not depend upon the clerk who passes the papers up, but upon the man at the head of the division, who stands there, Democrat or Republican, as the case may be, and under the Democratic or Republican head of the Bureau, passes ultimately upon the soldier's claim.

I say that there ought to be no condition in this country whereby the wards of the nation, the recipients of the just obligations of the nation, should be compelled to assert their claims through or under a system that involves partisanship in administration or partisanship in the appointment of the boards, the heads of divisions, and chiefs of bureaus, whose duty it is to administer the law.

So, Mr. Chairman, my proposition is that the whole system ought to be changed, and it ought to be changed by the introduction of two radical principles: First, that an honorable discharge of the soldier upon the length of service, to be fixed by Congressional action—the honorable discharge, indicative of the character he bore in the great struggle in which he participated, ought to be the only evidence necessary to enable him to be placed upon the pension roll of the country; and, if that pension roll is to be a roll of honor, he should be placed in a position where he could go with his honorable discharge and by the mere production of that discharge before the proper authorities have himself placed on the roll of honor, and defy party manipulation and partisan interference.

The soldier of my country who marched and fought in the great campaigns that saved the Union ought not to be made the football of party politics; and at the end of thirty years' administration of our pension affairs no man can deny that he has been able in all of that time to escape the manipulation of party politics.

What do you think, Mr. Chairman, of the condition of a great nation like this where, on the eve of a national election, a bureau officer—the Deputy Commissioner of Pensions—suddenly makes his appearance in a close and doubtful Congressional district to explain the principles of the administration of the Pension Bureau, lecturing the people on the system of pensions? The effort, so conspicuous, it is true, had the effect of very nearly wrecking the Democratic party in a Congressional district where it ought to have had a majority of at least 4,500.

There is no escape from it but to give a service pension to every honorably discharged soldier in the country; and in order to keep clear of the depletion of the Treasury, if it is ascertained that it would have that effect, I would suggest as a further principle in pension legislation that pensions hereafter to be granted ought to be graded in the volunteer service simply upon the service rendered and not upon the rank of the recipient, and then you would get rid of the large and, in my humble judgment, unjustifiable inequality in the whole system as we have it in existence to-day. I would remove the temptation of political manipulators to manipulate the pension applications of the soldiers and the pension certificates of the soldiers by placing the whole system where they could have no part or parcel in the adjudication of the claims of the pensioners.

I would get rid of the army of office-holders now engaged in that

business; I would get rid of this million-dollar expenditure, which is the first item of this appropriation, and I would get rid of this bureau at every county seat throughout the country employing its partisan politicians, men who undertake to control the right of pension of the old soldiers, but who themselves never saw the war, never served in the army, have no affinity or sympathy, by reason of any experience themselves, with the soldiers who served in the front, and who act upon the cases presented before them in many instances simply as partisans and from a partisan standpoint.

I would get rid of that, and I would get rid of an ineffable disgrace to the American nation that would subject nearly one million of soldiers who have honest claims for pensions under the laws of the Government to the manipulation of Republican or Democratic officials in this matter. One million of voters in the country is a very large number, even in a country that votes twelve million people, distributed as the soldiers of this country are.

They are a formidable element in our politics; and to place that great number of men in a condition or position where they fall under obligation to one political party or the other, to place them in a position where they feel that they are in danger by any action of either party, is a system of coercion, and of bribery, so to speak, necessarily incident to such a condition, that is a disgrace upon the whole country; and if I am right, and that is the true condition existing, then there is no remedy, I repeat, in my humble judgment, but to place the soldier on the roll independent of his physical condition, save only the maimed, wounded, and those who are especially disabled by disease and depending alone on their honorable discharge from an honorable service.

I wish, Mr. Chairman, to indorse with enthusiastic commendation the splendid defense of the soldiers of the country made by the distinguished and eloquent gentleman from South Dakota [Mr. PICKLER] on yesterday. It was a credit to himself and an honor to the soldier. It was better done than I could possibly have done it. I congratulate him and I congratulate my comrades; and I congratulate, as well, the honorable men who fought on the other side, the men who faced death on hundreds of battlefields in this country, against honorable, chivalrous, brave, courageous, and skillful men. I congratulate them also that to-day they have the vindication that is produced by this record of the Pension Department; that the men whom they fought, and whom it is their highest honor to have met over and over again successfully on the battlefield, but ultimately in the great issue of war unsuccessfully, were not thieves, were not plunderers or frauds, but they were honorable, high-minded, public-spirited American citizens, who fought for the honor of the country and the perpetuity of the Government.

I congratulate the American people that these men have been vindicated from the unjust and unfounded charges which have been heaped upon them in the past. Why any President of the United States, who ought to be justly proud of the glory of his country, should continue, year after year, reiterating a statement that he knows the record of the country will falsify and deny, why, I repeat, he should go on, year after year, and make charges that the pension roll of this country is tainted with fraud and dishonor, in view of the facts which have been submitted to him, I can not understand; nor why certain great newspapers of the country should constantly assail the pension rolls of the country in the face of the proofs and in the face of the record which has been presented in denial of the assertions, I am unable to conceive.

It is better for us, then, Mr. Chairman, that we should take the other view of the question, and place it beyond the reach of such allegations and assertions in the future. It is a better thing for the country, better for our friends on the other side as well. They did not go to war to fight a band of praetorian guards, as someone spoke of the other day. They were not fighting a set of men who, after having brought back the old flag in glory and triumph with a reunited nation, the benefits of which are greater to them than to us to-day—they did not come back from that successful struggle and turn themselves into a set of pilferers and plunderers of the public treasury. They stand to-day the element of greatest strength in all the States in which they live. They stand the proudest gathering, the proudest segregation of the men who love their country, and who are proud of the glory and honor and integrity of that country.

One word more. No one million men in the United States engaged in any given vocation can be found with records as clean as the records of the million of my comrades. I wish we had here side by side a record of the conviction of fraudulent soldiers, men who have made fraudulent pension claims, and the means of comparing it with the record of the men who have violated the internal-revenue laws, the number of men who have smuggled goods into this country, the number of men who have violated the postal laws, the number of men who have violated some other of the laws of God and man. You would find that proudly in the midst of this great concourse of 70,000,000 there stand the brave men who fought to save the Union, who presented a phalanx that was worthy of the steel of the mighty hosts of chivalrous men who, with misguided zeal, assailed the integrity of this nation; and you will find that the glory and honor of this nation to-day rests securely upon the faith, the integrity, and the patriotism of the Union soldier.

More Money and Less Debt and Misery for the People.

SPEECH
OF
HON. HENRY A. COFFEEN,
OF WYOMING,
IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve and to redeem and retire United States notes, and for other purposes—

Mr. COFFEEN of Wyoming said:

Mr. CHAIRMAN: I am very glad to come in now, following the polished gentleman and banker from New York [Mr. HENDRIX]. He is for the gold standard and the bank interests straight and clear. He is opposed to silver in every way. He runs from it as Shylock of old from the first moderate propositions of the court which offered a compromise proposition in the controversy about bonds and the severe terms which Shylock insisted upon in that famous scene. But he must admit at least this much, that the adoption of this amendment is equivalent to declaring the policy of silver payment, which should all the time be maintained, as we believe, and gives notice that payment will not be in gold alone, but in silver as well as gold. Therefore this amendment reaches the point desired by many in this House.

Not only so, but this amendment, if carried, will at once stop the work of the gold raiders on the Treasury. It appears to me that the Administration is greatly at fault, not to use harsher terms, when, with the law and the precedents and the interests of the country in favor of paying silver to stop this vicious raid on the Treasury, it does not exercise that same power and opportunity that the gentleman from New York himself pointed out was done by the bankers of France in behalf of the Government and the people there; that is, to refuse the gold, as he himself has said, or at least to pay 95 per cent if necessary in silver to protect the gold there. I would favor this amendment still more heartily than I do if it went one step further and said, "Pay all in silver when the gold reserve is less than one hundred millions, and when not less than one hundred millions, then pay half in silver and half in gold," or as may be most convenient to the Treasury.

I have one word further to say, hoping that I shall have time. There is coming up before us what is known as the Reed substitute. I have looked into that substitute. I fear, though, that there may be some on our side of the House who will follow that Republican measure. Our Democrats from New England and New York preferred to follow the Republican measure for the repeal of the silver-purchase clause, which originated first with Senator Sherman, and then afterwards was taken up by the Administration at the extra session. The Democratic platform and position was to repeal the entire makeshift law in the interest of both gold and silver as standard money, but Sherman said repeal the purchase clause only, and then the President said the same. What was the result when we followed the Republican doctrine in that and carried the repeal? Did it relieve the country? Not in the least. The lowest prices of products, commodities, and staples that have ever been reached have been reached since the repeal which you of the gold-bond side of this question prophesied was certain to relieve the country.

Did it relieve the Treasury? Not in the least, for a greater number of millions of dollars have been withdrawn from the Treasury for coin redemption since the repeal than were withdrawn in that same kind of redemption for the entire fifteen years preceding. In fifteen years, including the entire period of coinage of silver under the Bland law and purchase under the law of 1890, the withdrawals of gold from the Treasury were not so much as in one year since the unconditional repeal. Then the prophecies of gold-standard advocates have proven false.

Mr. CANNON of California. Will you issue the bonds half silver and half gold?

Mr. COFFEEN of Wyoming. No; I would not issue bonds at all, but if they are issued they should all be coin bonds. I am not on that question now, and I will let the gentleman take that up in his own time.

Mr. HUTCHESON. Will the gentleman allow me?

Mr. COFFEEN of Wyoming. My time is too short; I have answered it sufficiently for the present.

Mr. HUTCHESON. I wish to answer the question of the gentleman from California.

Mr. COFFEEN of Wyoming. You can secure the floor later for that. I wish to give you, as an indication of the feeling in the West, what our people think of issuing bonds; and, as applying directly against the Reed substitute, I will present the resolutions of my own State legislature in Wyoming, passing the house of representatives in our State since this now pending bill has come

forward, if we have the matter correctly reported in the public press—

RESOLUTIONS FROM WYOMING AGAINST BOND ISSUES.

And remember the majority in that legislature is Republican, and I find no one in that legislature, either Democrat or Republican, who is reported in the paper from which I quote as opposing it:

Be it resolved by the house of representatives (the senate concurring therein), That we believe that the additional issuing of bonds on the part of the National Government is a movement in the East on the part of New York bankers to force the country to a gold basis beyond a possible change, and to drive the National Government from its constitutional supervision of the currency of the country. And believing that this movement will undoubtedly entail misery on the common people of the land, we most respectfully ask that the Representatives in the National Congress from the State of Wyoming protest against the issuance of gold bonds or any other bonds which will fasten a debt upon the people for generations to come.

We further ask that the representatives of this State use all honorable means to prevent the legislation as proposed by the President's message, sent to Congress Monday, January 21, 1895, and to defeat the bill now before the Banking and Currency Committee of the House of Representatives at Washington. Be it further

Resolved, That a copy of these resolutions, suitably indorsed and engrossed, be sent to the Hon. JOSEPH M. CAREY and the Hon. C. D. CLARK, in the Senate of the United States, and the Hon. H. A. COFFEEN, in the House of Representatives.

I can most heartily carry out the wishes of the people of my State in this matter, and not only do I indorse these resolutions against issuing bonds of any kind, but I have been battling along these lines, as every member of this honorable body knows, ever since I have been in Congress.

This resolution not only squarely opposes the bill now pending, which provides for one kind of bonds, but doubly antagonizes the Reed substitute, which will receive most of the votes on that side of the House, which proposes two kinds of bonds instead of one.

I am pleased to put on record the views of the people of Wyoming, as expressed in these resolutions, so strongly opposing all bond issues.

WHY FOLLOW REPUBLICAN DOCTRINE ON MONEY QUESTIONS?

But while speaking of the Reed substitute and its two kinds of bonds and of the anxiety of the Republicans to help the President as long as he will stay with them on the gold and bond questions, I desire to examine briefly the Republican record. Why follow the Republicans longer in their mad career after the gold standard and bonds? They demonetized silver and have ever stood by that act. They started in to destroy the greenbacks and pursued that line until the Democrats procured the stoppage of their destructive policy. They changed our lawful money bonds into coin bonds in 1869 by the public-credit act. They have at all times favored the issuance of bonds and the extending to the banks a monopoly of issuing notes for circulation and of expanding and contracting the currency in their own banking interest.

All of these positions of the Republican party are wrong.

Why then shall we follow them?

How can any Democrat outside of New York and New England vote for Republican monetary measures?

At the extra session of this Congress, by some unfortunate fatality, our own Administration brought forward a repeal of the purchase clause of silver in exact accord with the suggestion of Senator JOHN SHERMAN, the demonetizer and leader of the Republican party.

And true to their doctrine and tendencies the Republicans came forward to support the unconditional repeal, and the gold-standard President, and with Eastern Democrats, so called at least, they carried that unconditional repeal bill.

What the result? Did it give us relief as promised? Not in the least.

The prophecies of the gold power failed totally in this matter as usual in all other cases.

Instead of relief for the country our cuckoo Democrats, by following the demonetizing Republicans, have brought our country to the lowest prices on record on our great and staple products.

Instead of relieving the Treasury from the gold raiders it has had precisely the opposite effect, for more gold has been raided from our Treasury, in the misconstrued gold redemption of legal-tender notes, since the repeal of the purchase clause than was taken out in the entire fifteen years preceding.

The whole force of the Republican party as a party has been to strengthen the bank and bond and gold combination.

Democrats who are true to the name and principles and teaching of the party will not follow any of the measures now pending, for they all are essentially Republican.

Now, another trick is about to be played upon Congress by which the undemocratic administration of our Treasury is likely to enter into combination with the Republican party under the leadership again of the ex-Speaker from Maine [Mr. REED] and the Senator from Ohio [JOHN SHERMAN, the demonetizer], to carry a Sherman-Reed substitute bill through this House even against the opposition of the true genuine Democracy of this Congress.

There is no danger that it can be carried without a combination between the cuckoo Democrats and the Republicans, as was done at the extra session of this Fifty-third Congress, and it is not cer-

tain that it can be done even then. Now, what are the essential points in the Reed substitute bill?

First. To leave the Treasury as now to go on indefinitely, paying out every dollar it gathers in gold to the gold raiders again in what it calls coin redemption. The Reed substitute proposes, no remedy whatever for this situation.

To sell two kinds of bonds, instead of one, is no relief to the Treasury in maintaining its gold reserve.

Nothing but the payment of silver coin in due proportion on all coin obligations will stop the raid of gold from our Treasury.

Second. It does provide for the issuance of bonds at the discretion of the Executive to carry on this endless chain process of pumping all gold out of the Treasury.

Third. It does provide for the locking up of greenbacks in the Treasury, accomplishing for the present the earnest wishes and demands of the banks, so to take the legal tenders out of the reach of the people and give a clear field for banks to issue their notes.

Fourth. It provides for the issuance of bonds of a new kind, called by cunning and diplomacy certificates of indebtedness, bearing the same per centage and of the same general character as the other bonds and the proceeds to be used in payment of current expenses.

This, too, the Republicans propose in the face of the fact that the Administration has announced through the chairman of the Ways and Means Committee that the revenues are sufficient for all current expenses and that a surplus of revenue will soon be coming into the Treasury. So we have come up to that point and purpose and find as usual that the income and monopoly classes are trying to carry against laboring humanity gold and bank and bond measures to fasten an indefinite, enlarged, and practically perpetual public debt on the country.

If there is any doubt where the two parties stand on this money question, look for a moment at the last vote just taken, where a proposition favoring silver to a greater degree has just been decided. While a majority of the Democrats voted for the measure, only five or six of the Republicans could be found to vote for the amendment, while nearly the entire party, with Mr. REED in the lead, voted against the measure.

To be sure, our New York and New England Democrats are, as usual, found voting with their Republican brethren.

We must if possible defeat all of these bond bills. Although we have been unable to get positive legislation in favor of unlimited coinage on the old ratio of 16 to 1, yet we have been able so far throughout this Congress to defeat all schemes for authorizing the issuance of bonds. If any are issued it must be under the laws as they already exist.

As to the raid against gold in the Treasury I am not concerned about it so seriously as some, for I know, as does almost every Congressman on this floor, that the Secretary of the Treasury has full power and option and law in his hands now to stop the payment of gold on coin obligations, and he should do it. Coin obligations are in no proper sense or construction of law payable in gold alone, but should be met with silver payment as well, and that will stop the gold raid. I am unalterably opposed to giving gold any further advantage.

The Currency.

SPEECH

OF

HON. EDWARD LANE.

OF ILLINOIS,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8703) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. LANE said:

Mr. CHAIRMAN: The most important question to-day before the American people is the financial problem. What shall be the character and volume of our money are the burning questions of the hour. The Wilson bill that passed this House in 1893, repealing the silver bullion purchasing clause of the Sherman act, recognized the right of the Treasury to redeem silver dollars with gold dollars and thus placing the country on a gold basis.

We are now asked to adjust our entire fiscal scheme to a gold basis. Can it be done? Do the people of this country desire this to be done? There is no real money in the world but metallic coin—gold and silver. Perhaps it might be something else, but after the experience of four thousand years by the great financiers of the world our actual money is gold and silver coins.

The genius of man has never yet discovered a way to make good

money without the material of which it is composed possesses intrinsic value. The printing press can not make dollars. A certificate or a note may be printed by which the Government, or a bank may promise to pay dollars, but it is not money, it is simply a promise to pay money. It is true that such notes and promises perform some of the functions of money, but never of ultimate payment. Prior to the adoption of our present Constitution, in 1787, the several States coined gold and silver and emitted bills of credit, and also chartered State banks of issue, but after a fair and impartial trial the system proved a failure; and, when the Constitution was adopted, the right to coin money and emit bills of credit were granted to the General Government, and these powers were denied to the several States. It was expressly provided in the Constitution that the States should make nothing but gold and silver coin a legal tender for the payment of debts. It was also thought by many that the right to charter banks of issue by the several States was also relinquished to the General Government, but in the case of *Brisco vs. The Bank of the Commonwealth of Kentucky* (11 Peter's Reports, p. 257) the Supreme Court of the United States held otherwise.

Judge Story, however, in his dissenting opinion in this case, informs the country that when the case was first heard by the court a majority of the judges who heard the case were decidedly of opinion that a State had no authority to charter a bank of issue, and that Chief Justice Marshall shared in that opinion; but after his death and after a rehearing of the case the court reached the conclusion announced. There can be no question that the framers of the Federal Constitution, when that instrument was adopted, intended to end forever the emission of bills of credit by the States, and to depend entirely on metallic money as their medium of exchange, at least as far as the several States were concerned. Therefore, the view taken by the court in the case of *Brisco vs. The Bank of the Commonwealth of Kentucky* was a mistake, and especially so when considered in connection with the late case of *Veazie Bank vs. Fenno* (8 Wall., 533), where it is held that a tax of 10 per cent on the notes of State banks is warranted by the Constitution.

At the commencement of the war of the rebellion, in 1861, our currency consisted of gold and silver coin, and supplemented by the issue of State bank notes. Many of us remember well what a dismal failure the State bank issue proved to be as a circulating medium of exchange. We had the wild-cat and the red-dog money, and all kinds of money except good money. In 1861, 1,600 banks organized, and, operating under the wildly differing laws of the several States, issued in the aggregate at that time about \$200,000,000.

These circulating notes were far from satisfactory. Chicago bills were at a discount in New York and New York bills at a discount in Chicago, sometimes as high as 10 per cent. A conductor on a "through" train would often refuse bills at one point of the line which he received at par at another, and a person desiring to make a journey would be compelled to provide himself with various kinds of money in order to be at par at all points of his journey, but often before he reached his journey's end it would all be worthless. The report from 18 different States in 1860 show that out of 1,230 banks 140 were broken, 234 closed, and 131 worthless. The people became disgusted with that character of money, and it is very doubtful if that system will ever again be renewed in this country. During the war the General Government issued various forms of paper money as a circulating medium and attached to it the functions of legal tender for the payment of all debts, public and private.

The power of the Government under the Constitution to so issue money was denied by many, and the question was finally settled in the Supreme Court of the United States, where it was held that the Government had the power to issue money in times of peace or war, and to make it a legal tender in payment of all debts, and this right is now conceded by all the courts of the country.

And I may say in passing that when this question was before the Supreme Court of the United States it was expressly found and so expressed by some of the judges that the war of the Revolution, or of the late rebellion, could not have been carried on to a successful conclusion had it not been for the legal-tender function of our paper money at the time. Every civilized nation makes provision for legal tender in its currency, and every civilized nation uses paper money.

It is the duty of the United States to prescribe a uniform money of account and the signs and figures of its expression.

Without such money of account enforced by the Government throughout its jurisdiction justice can not be done to suitors in courts nor could receipts and expenditures be kept in public offices.

What, then, shall be our money of account? I answer, gold and silver coins supplemented with a sufficient volume of paper money.

Whatever the form of our money may be every dollar should have the same purchasing power as every other dollar, and be convertible the one into the other at the pleasure of the holder. On October 1, 1894, we had in this country—

Gold dollars.....	\$679, 728, 587
Silver dollars.....	421, 176, 408
Subsidiary coin.....	75, 054, 481
Total metallic money	675, 954, 476

Greenbacks	346,681,016
Treasury notes—Sherman act	151,609,267
Curancy certificates	56,305,000
National-bank notes	207,564,458

Total paper money 762,159,741

Of these various amounts there was in circulation among the people doing the business of the country \$1,655,038,982. This amounts to about \$23 per capita, a sum entirely inadequate to carry on the commerce of the nation. We should have at least \$35 per capita. We should coin the silver bullion in the Treasury, which would make metallic money to about \$18 per capita, and then the balance could be made up with a new issue of Government notes.

I do not care what they are called. I wish to add my testimony now and here that, in my judgment, the legal-tender notes of the Government constitute the best paper money in the world, backed, as they are, by the national wealth of \$70,000,000,000, and secured by a mortgage on over 2,500,000,000 acres of land, with the cities, railroads, and civilization thereon, and the homes of 70,000,000 of people. It is the promissory note of the nation, payable to bearer, and good at any bank counter or in any market of this country from any debtor to any creditor.

Such a circulating medium possesses more elements of safety than all other proposed systems combined. It has the entire confidence of the people, except those who wish to purchase and own Government interest-bearing bonds. I do not wish to be understood in what I have said in regard to Government notes that I in any manner indorse the present national banking system, for I do not. As that system is administered in Wall Street, I regard it as the cesspool of all financial iniquity. It has robbed the American people out of millions of dollars in the last twenty years, and it has no necessary connection with the Treasury notes. The present national banking system is based on interest-bearing bonds of the Government. The scheme is indefensible, as the Government should never issue such bonds, especially in times of peace. It is the duty of the Government under the Constitution to coin gold and silver as a currency for the people, and if this should not produce a sufficient volume of money then the Government should supplement it by a sufficient volume of paper money.

The act of coining the precious metals and issuing paper money are both an act of sovereignty; they are inseparably wedded together. No citizen of the Republic has a right under the law to do either, and such power should not be granted to a corporation. The Government only can make every dollar as good as every other dollar and convertible into each other, and thus maintain the parity of all our money. The gold reserve provided for by act of Congress, of date July 12, 1882, should be maintained by the banks. A law should be passed levying a tax of 1 per cent per annum in gold coin on the capital stock of all national banks, and this small sum would be sufficient to preserve the gold reserve in the Treasury. I am informed that no redemption of Government notes has been made at the Treasury by individuals. The gold withdrawn from the Treasury has been by the banks, and I think it is done for speculative purposes. If the law would levy a tax on the banks in gold coin, then the run on the Treasury would cease.

From the following table, furnished by the Treasurer of the United States, it will be seen that from 1879 to 1894 the total redemption amounted to \$292,609,390. The table is as follows:

United States notes and Treasury notes redeemed in gold, by calendar years.

Year.	United States notes.	Treasury notes.	Total.
1879	\$11,456,536	.....	\$11,456,536
1880	543,800	.....	543,800
1881	28,750	.....	28,750
1882	115,000	.....	115,000
1883 .....	.....	.....	.....
1884	810,000	.....	810,000
1885	2,927,400	.....	2,927,400
1886	9,340,507	.....	9,340,507
1887	1,339,945	.....	1,339,945
1888	475,181	.....	475,181
1889	959,548	.....	959,548
1890	338,273	.....	338,273
1891	9,016,727	\$685,870	9,702,597
1892	15,963,813	20,296,747	36,260,560
1893	44,493,512	32,082,778	76,576,290
1894	123,941,059	17,802,944	141,744,003
Total	221,700,051	70,849,339	292,609,390

OFFICE OF THE TREASURER UNITED STATES,
January 3, 1895.

It will be further seen that for the first twelve years the redemption did not average \$5,000,000 per year, while for the last year the amount taken out was \$123,941,059, clearly showing that it was the purpose of the banks to force the Government to issue more interest-bearing bonds. The amendment to levy a tax on the banks in gold coin that I offered should be adopted.

Why should not the banks be required to pay this tax? Let us see what the banks make out of the franchises that they derive from the Government. On the 30th day of June, 1893, as seen by the report of the Comptroller of the Treasury, the loanable funds in the hands

of all the banks of the country was \$6,412,939,954. This vast sum being loaned to the people even at 5 per cent per annum the banks would make over \$300,000,000 annually; and add to this the annual interest on \$6,000,000,000 of farm mortgages and we have an additional gain to the bankers of over \$300,000,000. The total debt of this country is estimated at about \$40,000,000,000, and at 6 per cent interest per annum the people of the country pay annually to the money power about \$2,400,000,000. The American people pay more interest than any nation on the globe. I therefore submit that it would not be unreasonable to levy an annual tax on the capital stock of the banks in gold coin, to keep up the gold reserve in the Treasury.

But to return to the question at issue as proposed by the present bill. Shall Congress authorize the issue of Government interest-bearing bonds and create national banks of issue? I say no, a thousand times no. The Democratic party can not favor any such measure. If there is any proposition upon which the Democratic party has pronounced itself it is this. The Democratic party in national convention assembled, in 1840, passed the following resolution:

Resolved, That Congress has no power to charter a national bank; that we have such an institution one of deadly hostility to the best interests of the country, dangerous to our republican institutions and the liberties of the people, and calculated to place the business of the country within the control of a concentrated money power, and that above the laws and the will of the people.

Again, in 1852, the Democratic party in national convention assembled passed the following resolutions:

Ninth. Resolved, That Congress has no power to charter a national bank; that we believe such an institution one of deadly hostility to the best interests of the country, dangerous to our republican institutions and the liberties of the people, and calculated to place the business of the country in the hands of a concentrated money power, and that above the laws and the will of the people; and that the results of Democratic legislation in this and all other financial measures upon which issues have been made between the two political parties of the country have demonstrated to candid and practical men of all parties their soundness, safety, and utility in all business pursuits.

Tenth. Resolved, That the separation of the moneys of the Government from banking institutions is indispensable to the funds of the Government and the rights of the people.

And the Democratic convention which met in 1856 readopted these planks in its platform, and from that day to this they have been the cardinal creed of the party, never changed, revoked, or annulled. It is also important to know that were the views of the founders of the Democratic party on these questions. Thomas Jefferson said on this subject:

I have ever opposed money of banks, not of those discounting for cash, but of those feasting their own paper in circulation, and thus banishing our cash. My seal against these institutions was so warm and open at the establishment of the Bank of the United States that I was derided as a maniac by the tribe of bank mongers who were seeking to filch from the public, thus swindling on barren gains. But the errors of that day can not be recalled.

The evils they have engendered are now upon us, and how are we to get out of them? Shall we build an altar to the old paper money of the Revolution which ruined individuals but saved the Republic, and burn on that all the bank charters, present and future, and their notes with them? For these are to ruin both the Republic and individuals.

Again he said:

I sincerely believe with you that banking establishments are more dangerous than standing armies, and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a larger scale.

Again he wrote to John W. Eppes, November 3, 1813:

As to the public, these companies have banished all our gold and silver medium, which before their institution we had without interest, and instead of which they have given us two hundred millions of froth and bubble on which we are to pay them heavy interest.

He wrote again as follows to Albert Gallatin:

This institution (national bank) is one of the most deadly hostility existing against the principles and form of our Constitution. Ought we then to give growth to an institution so powerful, so hostile? Now, while we are strong, it is the greatest duty we owe to our Constitution to bring this powerful enemy to a perfect subordination under its authorities. The first measure should be to reduce them to an equal footing with other banks, as to the favors of the Government.

Andrew Jackson was still more pronounced than Mr. Jefferson in his hostility to the national bank. In his message to Congress December 2, 1834 he says:

Circumstances make it my duty to call the attention of Congress to the Bank of the United States. Created for the convenience of the Government, that institution has become the scourge of the people. Its interference to postpone the payment of a portion of the national debt that it might retain the public money appropriated for that purpose to strengthen it in political contests; the extraordinary extension and contraction of its accommodations to the community; its corrupt and partisan loans; its exclusion of the public directors from a knowledge of its most important proceedings; the unlimited authority conferred upon the president to expend its funds in hiring writers and the execution of printing, and the use made of that authority; the retention of pension money and books after the selection of new agents, have, through various channels, been laid before Congress. They were substantially a confession that all the real distresses which individuals and the country had to endure for the preceding six or eight months have been needlessly produced by it, with a view of effecting, through the sufferings of the people, the legislative action of Congress.

Again, in the same message:

Events have satisfied my mind, and I think the minds of the American people, that the mischief and dangers which flow from a national bank far overbalance all its advantages. The bold effort the present bank has made to control the Government, the distresses it has produced, and the violence of which it has been the occasion in one of our cities named for its observance of law and order are but premonitions of the fate which awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it. It is fervently to be hoped that, thus admonished, those who have heretofore

avored the establishment of a substitute for the present bank will be induced to abandon it, as it is evidently better to incur any inconvenience that may be reasonably expected than to concentrate the whole money power of the Republic in any form whatsoever or under any restrictions.

Again, in the veto message, he said:

It is to be regretted that the rich and powerful too often bend the acts of government to their selfish purposes. Distinctions in society will also exist under every just government. Equality of talents, of education, or of wealth can not be produced by human institutions. In the full enjoyment of the gifts of Heaven and the fruits of superior industry, economy, and virtue, every man is equally entitled to the protection of the law. But when the laws undertake to add to these natural advantages artificial distinctions, to grant titles, gratuities, and exclusive privileges to make the rich richer and the potent more powerful, the humble members of society, the farmers, mechanics, and laborers, who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their Government. There are no necessary evils in government. Its evils exist only in its abuses. If it would confine itself to equal protection and, as Heaven does its rains, shower its favors alike on the high and low, the rich and the poor, it would be an unqualified blessing.

Experience should teach us wisdom. Most of the difficulties our Government now encounters, and most of the dangers which impend over our Union, have sprung from the abandonment of the legitimate objects of government, by our national legislation, and the adoption of such principles as are embodied in the act.

Many of our rich men have not been content with equal protection and equal benefits, but have besought us to make them richer by act of Congress. By attempting to gratify their desires we have, in the results of our legislation, arrayed section against section, interest against interest, and man against man in a fearful commotion which threatens to shake the very foundation of our Union.

It is time to pause in our career; to review our principles, and, if possible, to revive that devoted patriotism and spirit of compromise that distinguished the sages of the Revolution and the fathers of our Union. If we can not at once, in justice to interests invested under improvident legislation, make our Government what it ought to be, we can at least take a stand against all new grants of monopolies and exclusive privileges; against any prostitution of our Government to the advancement of a few at the expense of the many, and in favor of compromise and gradual reform in our code of laws and system of political economy.

Nothing further can be said. The debate, from a Democratic view, should close at this point. By what Democratic authority do gentlemen advocate the enactment of the pending bill into a law creating national banks of issue? Clearly there can be no authority found for it in the platforms of the Democratic party. Nor is there any public necessity for it now. I am quite certain that a great majority of the people of this country do not favor national banks of issue. Under the present national banking system parties desiring to start a national bank bring, say, \$100,000 in Government bonds, bearing interest from 3 to 4 per cent per annum, and leave them with the Treasury. They will get from the Treasury, free of charge, except 1 per cent tax, \$90,000 in currency, which they can take to their bank with them and loan to the people at from 8 to 10 per cent per annum, while the Government collects the interest on their bonds from the people and pays that over to the banks also, making double interest.

This is bad enough, but under the proposed banking system, parties desiring to engage in banking go to the Treasury and pay \$50,000 in treasury notes. The Treasurer will give in exchange therefor \$150,000 in bank currency, which can be loaned to the people by the bank at the present rate of interest, the Government retaining a first lien on all the assets of the bank to secure this circulation, and in this way take away from those who deposit in the bank any chance to recover their deposit if the bank should fail. In other words, the law takes the money of the bank depositor and uses it to protect the Government, and in this way takes from the depositor any chance he might have to secure his deposit in the event the bank fails. This is manifestly unjust. But the gentleman from Illinois [Mr. SPRINGER] in defending this system says that if the banks can get this cheap money they will be able to loan it to the people at a low rate of interest. What a strange statement! How little he knows of the class for whom he is legislating.

If the banks of this country could get their money as the children of Israel received their manna, free from Heaven, does any well-informed person believe that they would loan this money to the people at any lower rate of interest because of that fact. Not at all. Bankers are not in business for pleasure or for their health, but to make money, and they get all the interest they can now from the people, and would under the proposed system.

Mr. Chairman, the proposed law is not Democratic and it is indefensible. Gentlemen who are in favor of the measure might as well quit masquerading before the country as Democrats. Why should we issue interest-bearing bonds payable in fifty years? Why should we place a mortgage on a generation yet unborn? If we are true Americans we will never do it. Whatever the liabilities of the Government are should be met by the present generation. Let us, therefore, meet it like men who know our duty and the responsibility we owe to the people. This measure is but a makeshift, and certainly we have had enough of that kind of legislation. Let us go to the very root of the matter. Our present condition is largely if not entirely due to the monumental fraud of this century which resulted in the demonetization of silver. That was the blackest crime in the pages of criminal legislation. From that day to this we have had no real prosperity in this country. It is utterly impossible to adjust our financial system to a gold basis. Gentlemen might as well expect to suspend this Capitol building in mid-air as to place our financial affairs on a gold foundation. Isaiah gives the reason:

"For the bed is shorter than that a man can stretch himself on it,

and the covering narrower than that he can wrap himself in it."

There is not gold enough in the world to meet the demands of trade and commerce. We must have a greater volume of money to transact our business. The first requisite of money is quality. We should have nothing but good money. The second requisite is volume, and the third stability of value. Industry and trade are founded and rely upon stability. Every variation in the currency tends to frustrate business plans and damage labor. If money is depreciated every creditor suffers loss; if the value of money rises the debtor loses and the creditor gains. A dearth of money stops exchanges, arrests progress, and begets social confusion, disintegration, and decay.

A total absence of money would be a condition of social death, a relapse into barbarism. There can be no civilization, no commerce, without money. Money is created by the State or nation and is of two kinds, primary and token money. Primary money in all nations is metal coin having a substantial market value for human use. Token money, or fiat money, is a promise-to-pay money, and its value depends only upon the ability of the promisor to meet the promise. It is upon such money alone that the stamp of a Government can confer value, and then only according to the wealth of the promisor.

Primary money in all civilized nations has consisted of gold and silver since the time of Abraham to the present time. These metals were selected by the common consent of mankind, because they were in and of themselves property and of imperishable value. It was required that primary money should have durability and convenience. Wheat would not do, for it was too bulky and inconvenient to handle. Horses and cattle would die. Iron would rust and copper would corrode. And it was also necessary that the article of which money was made should not be too abundant, and still be in sufficient quantities to supply the wants of commerce and the demands of trade.

Silver and gold fills all the requirements of commerce more than any other metals ever discovered in God's treasure house, and the common sense of mankind adopted these as the money metals of each nation where organized government exists. We find these metals in the earth at about the ratio of 1 to 16 in weight; that is, sixteen times more silver than gold. The market value of these metals are settled by centuries of human experience. Silver and gold have each, under the laws of commerce, a use as a commodity in the arts. They have also each a use under the law as a medium of exchange as primary money. The third use common to both is as legal tender for debts under the law of a nation. Silver is most useful as a subsidiary coin, while gold is more convenient for exporting, because of its great value in a small compass.

It is admitted by most financiers that both silver and gold derive 50 per cent of their value from their money use. Money is a medium of exchange and also a measure of value. The volume and quantity of money in circulation at any given time measures the value of all property and commodities. A large volume equal in quality facilitates exchange and stimulates industries. Under its influence both production and consumption of products increase. Civilization has always advanced under the influence of sufficient money, and has been retarded when the supply becomes small. By a contraction of the money volume of the world the most colossal frauds have been perpetrated on the people.

Too few people of the United States realize the interesting fact that all articles of merchandise, and of lands and labor, and all kinds of property are necessarily valued at some fractional part of the money of this country. Take for example a nation of 100,000 people having a circulating medium of \$2,000,000, one half in gold and the other half in silver. The price of all houses, farms, bonds, and all articles of commerce, including labor, would be worth a fractional part of the \$2,000,000. If, therefore, a house was valued at \$2,000 it would be worth one thousandth part of the amount of the circulating medium of the nation.

Now, if the amount of money in the nation were suddenly doubled and the house thus become worth the one-thousandth part of \$4,000,000 instead of being worth the fractional part of \$2,000,000, the house would command \$4,000 instead of \$2,000. But suppose you should reduce the volume from \$2,000,000 to \$1,000,000, then a house that was worth \$2,000 when the volume of the money was worth \$2,000,000 would at once fall to \$1,000; it would be worth but one-thousandth part of a circulating medium that had suddenly been changed from \$2,000,000 to but \$1,000,000. A man who had borrowed \$1,000 on his house or farm when it was valued \$2,000 might lose his house or farm, as he could only sell it for \$1,000, the value of the mortgage.

By the demonetization of silver in this country in 1873 the volume of our metallic money was reduced one-half, and the result was the destruction of prices, which resulted in the panic of that year. Some of our people were well pleased with the demonetization of silver, inasmuch as holders of bonds and mortgages, and men to whom, in various ways, money was owing, would have their fortunes increased at the expense of the debtor classes and at the cost of owners of real estate and various kinds of property. The interest paid to creditors would be doubled in purchasing power.

With one dollar they could hire a man to work for them, when before the striking down of silver two dollars a day would have been paid to him. This condition of the money volume caused

industries to languish and prevented men from getting remunerative work. John Stuart Mill says:

If the whole money in circulation was doubled prices would double; if it would only increase one-fourth prices would rise one-fourth.

This is one of the most important principles connected with finance, and it explains the reason silver was demonetized in 1873.

Mr. Fauchet said in 1843:

If all the nations of Europe adopted the system of Great Britain the price of gold would be raised beyond measure and we would see produced in Europe a most lamentable result. The Government can not decree that legal tender shall be only gold in place of silver, for that would be to decree a revolution, and the most dangerous kind of all, because it would be a revolution leading to unknown results.

Mr. Wolowski said in 1868:

The suppression of silver would bring on a veritable revolution. Gold would augment in value with a rapid and constant progress which would break the faith of contracts and aggravate the situation of all debtors, including the nation. It would add at one stroke of the pen at least three milliards to the twelve milliards of the public debt.

In 1869, before the French monetary convention, he used this language:

The sum total of the precious metals is reckoned at fifty milliards, one-half gold and one-half silver. If by a stroke of the pen they suppress one of these metals in the monetary service they double the demand for the other metal to the ruin of all debtors.

Another member of the convention said:

The suppression of silver would amount to a veritable destruction of values without any compensation.

In 1873 Professor Laveleye said:

Debtors, and among them the state, have the right to pay in gold or silver, and this right can not be taken away without disturbing the relation of debtors and creditors to the extent of perhaps of one-half, or certainly one-third. To increase all debts at a blow is a measure so violent, so revolutionary, that I can not believe that the Government will propose it or that the Chambers will vote it.

James G. Blaine said:

The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value and would gain a disproportionate and unfair advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly \$7,000,000,000 of coin or bullion in the world, not very unequally divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove disastrous to millions and utterly disastrous to tens of thousands.

Mr. Speaker, I could quote many more eminent financiers to the same effect, but I deem it unnecessary. The proposition is too plain to need argument. There is now in the world \$3,727,018,868 in gold and \$3,820,571,346 in silver, making in all \$7,547,590,215. This amount of standard money must buy the whole mass of salable property in the world. If you take away one half of this money then the half left must do the work of all; so you double the purchasing power of the gold if that is the money left. The rule would apply whether you take away the gold or the silver. The purchasing power of the money left is exactly doubled.

It will now command twice as much commodities as it did formerly. Stating the facts in different terms, it is clear that the value of gold has been so much advanced by the change that all the commodities are required to be measured by the quantity of standard money which half the commodities brought before silver was eliminated from the money volume. Precisely this thing has happened, and for twenty years, as gold has appreciated under the demands of expanding population and increasing business, in a period of profound peace prices have fallen, because more and more of the products of human toil have been required to purchase a fixed amount of gold. The reason why all men do not perceive that the real movement is of gold and not of commodities is that they are accustomed to regard the act of purchasing as the prerogative of money alone, whereas the farmer who parts with his wheat buys gold with his wheat just as much as the merchant buys wheat with gold.

There are millions of human beings who still firmly believe that the sun rolls around the earth because their senses justify that belief. The argument for the fixity of gold is precisely the same as that for the immovability of the earth—both seem to stand still. The delusion respecting the earth yields to instruction, but there is something almost hopeless in the tenacity which educated men cling to the other and equally absurd delusion. All that is needed to accomplish the robbery of nine-tenths of the people of the world is to change the money standard from gold and silver to gold alone.

Henry Clay was right in 1840 when he said in regard to the contraction of the money volume—

All property would be reduced in value to one-third of its present nominal amount and every debtor would in effect have to pay three times as much as he had contracted for. The pressure of foreign debts would be three times as great as it is and about \$600,000,000, which is the sum now probably due the banks from the people, would be multiplied into \$1,800,000,000.

Tested by the rule laid down by Mr. Clay, and no one can doubt its correctness, how many millions of dollars have the American people lost in the last twenty years? Let some gentleman make the figures. Our Government interest-bearing debt is over \$700,000,000, and all debts, public and private, of the American people is estimated at nearly \$40,000,000,000. What a vast sum the demonetization of silver has cost the people and given as a bonus

to the bankers and money holders—four times more than would buy all the gold in the world. In 1873 we produced 281,254,700 bushels of wheat; this brought \$1.312 per bushel, making \$366,635,166.40. In 1889 the crop was 611,780,000 bushels, at 80 cents per bushel, making \$489,424,000. Had the 611,780,000 bushels sold for \$1.312, the price in 1873, it would have brought \$802,655,360, but the wheat-growers lost by the reduction \$313,231,360, and the same loss applies to all farm products, which would make the loss many millions of dollars.

I hold in my hand the New York Tribune of a recent date, and I find the estimate given editorially that because of the depreciation of property in the United States in the last two years, the American people have lost over \$10,000,000,000.

This paper says that the Agricultural Department reports a loss of \$663,000,000 on the value of animals on farms since January, 1893, and a like loss on stock not on farms would be \$154,000,000. Wheat has fallen from 80 cents per bushel in New York to 56 cents, a loss of 30 per cent; cotton, from 9.12 to 5.62 cents, a loss of 38 per cent; pork, from 19.50 to 11.25 per barrel, a loss of 42 per cent.

Farms and live stock together have declined in value \$2,145,000,000. The gold bug says, however, that the decline in prices is due to overproduction, and not to the appreciation of gold. This can not be true, for there is no decline in prices in countries where silver is used exclusively.

An ounce of silver to-day in any country will purchase as much wheat, corn, or oats, or any other product, except gold, as it would twenty years ago. It can not be true for another reason. The price of land has decreased as well as other property. Who has created more land in the last twenty years? Has there been an overproduction of land since silver was demonetized? Is there not as many acres in cultivation now, according to population, as there was twenty years ago? No; all values have decreased in the last twenty years. It may be true that a piece of land here and there from local causes has advanced in price, or that a certain farm product may sell for a reasonable price, all things considered, but as a rule prices have declined, and are still declining, and will decline while the world is trying to do its business on a gold basis.

I am reliably informed by a gentleman from the South that many valuable plantations in that part of the country will not be cultivated this year, for at the present low prices the crops will not pay the cost of production, although the wages of labor is very low there. The gold standard is the decadence of agriculture. Not that the staple products of the earth are not as beneficent to mankind as they ever were, but they are not salable when measured by gold alone. What is the effect now? It requires two bushels of wheat to purchase a gold dollar, when one bushel would procure a gold dollar some years ago. It requires two horses now to obtain the same quantity of gold that one horse would in the past, and this is also true of all farm products. It is not so much because the price of products have fallen, as it is that the measure of commodities, "gold," has appreciated.

Why then say that gold is the only "honest money" in the world, that it is the best money, and that a silver dollar is not an honest dollar. Why should we call gold money the best money when we know that it is destroying our trade and commerce, ruining our farmers and mechanics, and driving labor of all kinds into idleness and poverty. But why call gold money at all. It does not circulate among the people and is no part of the money of this country. It performs no useful function whatever.

Who but the banks or some parties in California ever see a gold piece? I venture the assertion that if you ask every person you meet in the ordinary walks of life if they have any gold coin in their pockets, nine hundred and ninety-nine persons out of every thousand will answer no. Every well-informed person knows that the silver money of the world has performed more than nine-tenths of the ordinary business of the globe, and that it has uniformly been the money of the common people. The best dollar for every man is the dollar that he can get for his labor and products, and as gold coin never has and does not now circulate among the people it is sheer nonsense to talk about gold as a circulating medium. There is not sufficient gold in the world for that purpose.

But, Mr. Chairman, this is not all. The advocates of the gold standard further insist that we must destroy or retire the \$346,681,016 greenbacks and the \$151,609,267 Treasury notes now in circulation in this country in order to protect the gold reserve. Will the people of this country indorse such legislation? I think not. Why should this money be retired or destroyed? The advocate of gold says this money is used to take gold out of the Treasury, and for that reason should be destroyed and replaced by State or national bank paper. I solemnly protest against such a change. We should have no irredeemable paper money in this country. But gentlemen say the banks would redeem their own notes.

They might or might not do so. It is certain that the people of this country want no bank oligarchy. This should be a Government of law and not of banks. The question of the redemption of our paper money should not be left to the banks, but should be settled by law; and there can be no better place for redemption than at the Treasury of the United States. The present volume of Treasury notes and greenbacks should not be retired, but rather greatly enlarged. I venture the assertion, without the fear of successful

contradiction, that this currency is the best paper money in the world.

All this talk about this Government not being able to sustain its credit without the assistance of the banks is vile hypocrisy and cant. We are the greatest wealth-producing people in the world. Our farmers produce annually over \$2,500,000,000 worth of farm products, and our shops and factories produce yearly over \$9,000,000,000 worth of manufactured goods. Our gold mines produce \$35,000,000,000, and our silver mines from \$50,000,000,000 to \$65,000,000,000, annually, without mentioning our other mineral wealth.

The Government can and will pay every dollar it owes, and in the very kind of money mentioned in the contract. And more than that, the Government can keep all her money on a parity. There is no occasion now, nor has there been for the last thirty years, for this Government to issue a single interest-bearing bond payable either in currency, coin, or gold. I assert further, without the fear of successful contradiction, that the civil war could have been fought to a successful conclusion without issuing a single interest-bearing bond, and the \$2,000,000,000 paid to the banks and syndicates on these bonds was one of the most gigantic robberies ever consummated on earth.

The Government had the power to issue as much money as it needed and make it a legal tender for the payment of all debts, public and private, but a foul conspiracy was entered into by the great bankers that they would not permit this money to pass through their banks without the payment to them of this vast sum of money. These patriotic bankers loaned the Government no money, but simply "loaned their credit" to the Government and for this simple accommodation these pirates exacted as blood money \$2,000,000,000, and if it was not paid to them they were willing to scuttle the ship of state and see the liberties of a free people perish from the face of the earth forever. And now Congress is again asked by the same patriotic banks to execute to them \$500,000,000 interest-bearing bonds, payable in thirty years, not in current money, not in coin, but principal and interest to be payable in gold.

We are told the Government has entered into a contract privately with these bankers, and that if Congress does not authorize such a loan at 3 per cent interest per annum then the Government will execute the bonds at 3½ per cent interest under existing law, and thereby the people will lose, as we are told, \$16,000,000,000. But no person has told us what the gold would cost us in thirty years from now to pay off these bonds. If gold appreciates in the next thirty years as it has in the last twenty years it would be impossible to tell, but certainly it would be very many millions.

Confronted with this condition, what is the duty of Congress? All the Government interest-bearing obligations now outstanding, nearly \$700,000,000, are payable in coin. It is proposed to make the new bonds payable in gold alone. If this should be done is it not apparent at once that this would be a change in the policy of the Government heretofore pursued? And it would at once necessitate a refunding of all our bonds now outstanding and make them payable in gold also. Is a Democratic Congress prepared to commit this great iniquity, to increase by many more millions the public debt of the nation and thus to rivet the galling yoke of the banks more tightly on the necks of the people?

Mr. Chairman, speaking only for myself I solemnly declare I will never support such a measure. I am a Democrat, and I can not forget the prophetic utterance of the father of Democracy, Thomas Jefferson, when he said:

I sincerely believe that banking institutions are more dangerous to liberty than standing armies.

I will not barter away the liberty of my countrymen at the behest of the bankers. I know there are many members in this House who call themselves Democrats who are willing to vote for gold bonds, and also vote to create national banks of issue, but, loving the history, doctrine, and traditions of the Democratic party as I do, I can not vote for such propositions.

For more than twenty years in all my public utterances on the hustings I have denounced the present national-bank system as a robbery of the people, as being class legislation and paternalism, and also founded on the principle of double interest. It is a low estimate to say that the annual robbery of the people by this banking system has been at least \$18,000,000,000. I have also denounced with all the earnestness that I could command during all these years the great crime committed by the Republican party when that party refunded the public debt into bonds payable in "coin" from bonds payable in any lawful money as they were payable. That whole transaction is supposed to have cost the American people at least \$600,000,000. Whatever of injury this country has sustained up to this time in regard to the issue of interest-bearing bonds is due to the Republican party, for the Democratic party has passed no law that authorizes the issue of any outstanding bonds. The Democratic party does not believe in the bond system, at least in times of peace, and in no sense is this the proper remedy for existing evils.

Mr. Chairman, in order to meet the emergencies of this hour and secure relief for the people, we must turn to the Constitution. If there is any crucial test of Democratic principles it must be found in the Constitution. A man who does not believe in the Constitu-

tion can not be a Democrat. As Democrats we should return to the teachings of the fathers, and render obedience to the Constitution. The Constitution declares that Congress shall have power—

To coin money, regulate the value thereof, and of foreign coin.

And the Constitution further declares that—

No State shall * * * coin money; * * * make anything but gold and silver coin a tender in payment of debts.

The power to coin money is expressed in short, clear, concise, and unmistakable language. Congress has no discretion about it. Congress can raise no question of expediency, no question of national policy, no question whether we shall have a bimetallic currency or a gold currency. Daniel Webster, the greatest constitutional lawyer of this country, said:

Gold and silver at rates fixed by the Congress constitutes the legal standard of value in this country, and neither Congress nor any State has authority to establish any other standard or to displace that standard.

James G. Blaine said:

I believe gold and silver to be the money of the Constitution; indeed, the money of the American people, which the great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare either should not be money. Congress has, therefore, in my judgment, no power to demonetize either.

Mr. Chairman, the Constitution strips the States of all power over the currency of the country, except to declare gold and silver coin, without distinction, a legal tender; but Congress must coin the money and regulate its value. In that respect the law of Congress is supreme, and may establish any ratio between gold and silver. The coinage of silver is a constitutional right of the people, and I am surprised beyond expression why a Democrat should not be willing to enforce the Constitution.

Is there a word in the Constitution that Congress shall not coin silver until we have an international agreement with the crowned heads of Europe? If so, where do you find it? What supreme homage we pay to royalty! If this is Democratic, I renounce and disavow it. The nations of the earth have nothing to do with our form of government or money. There is no such thing in the world as international money. Beyond the great oceans our money is simply a commodity. Our gold and silver coins in other countries are simply articles of merchandise, not money. The trade and commerce between nations are carried on by exchange of goods for goods, merchandise for merchandise, and our gold in Lombard street is not counted, but weighed.

We produce sufficient gold in this country to discharge any balance of trade that may be due from our people to the people of other countries, and we can spare the gold for that purpose. But we can not afford to permit England or any other nation to strike down one-half of our money, thus reducing the value of our property one-half. Gold and silver coin were measures of value in this country up to 1873. When one-half the quantity is abandoned as a money metal and as a measure of value, the other half appreciates in value, and thereby destruction comes to the value of all other property, including the wages of labor. This brings insolvency to debtors and ruin to business enterprises.

Mr. Chairman, the mission of the Democratic party is to right this great wrong committed by the Republican party and to restore silver to its constitutional right as a money metal. I hoped that during this session of Congress that would be done, but I fear now it will not. Let the responsibility rest where it belongs.

Some of us have done all we could as constitutional Democrats to effect a reunion of gold and silver coins as they were united and used prior to 1873, but other so-called Democrats, at the behest of the great banks, have failed to do their constitutional duty and have fallen down and worshiped the golden calf and voted with the Republican party, and thereby defeated any silver legislation.

Congress will soon adjourn, and this great question will again be referred to the people. The fight for free silver will go on and the people will not allow the bankers to rob them by their gold standard. Right in the end will prevail.

Truth crushed to earth will rise again:
The eternal years of God are hers.

I have no doubt but that in the end silver will be restored to its historic place as a medium of exchange, and it will retain its place equally with gold to the end of time. Both alike are the money of the world and the supports of advancing civilization, and such they are likely to be as long as our planet is populated.

It is the duty of America, the greatest nation of the earth, to take the lead in this great work of restoring the free coinage of silver. We produce more gold and many times more silver than any nation on earth, and why not reap the rich fruitage of these twin blessings of God to man? By so doing we could greatly enlarge the value of our metallic coins, the money of ultimate payment, and on this expanded coin foundation we could with safety issue a sufficient volume of paper money to stop the alarming decline in the value of all property and the stagnation in every branch of business. With a sufficient volume of money manufacturing establishments would soon be in active operation and labor would be furnished to millions of honest men now engaged in trampwork.

The tears of the helpless widow would be dried up, because she would have the wherewith to feed and clothe her orphan children. The people could pay their debts, and those who are out of debt are out of danger. With such a volume of money this country would

again blossom as the rose. We learn from the Scriptures that when Solomon was King of Israel he made silver and gold at Jerusalem as plenteous as stones, and that the value of Solomon's Temple and its contents was over \$77,000,000,000 in our money. This was the golden era of the children of Israel, every student of history is acquainted with their decline and fall.

When Rome from her seven hills ruled the world that people had at their command, as history informs us, \$1,800,000,000 of coined money, the greater part being in silver. After this their volume of money was contracted to \$200,000,000, and with the contraction population dwindled, commerce, arts, wealth, and freedom all disappeared, and the people were reduced by poverty to serfdom and slavery.

Mr. Chairman, where are all the other nations of ancient times, with their fabulous wealth and overflowing treasuries? They have all perished from the earth, and the first symptom of their decadence was a contraction of the volume of their metallic money, that being the lifeblood of all nations. All national success and business prosperity go side by side with an increasing volume of money, and national death and business stagnation follow in the wake of a decreasing currency. At the birth of this great nation gold and silver were wedded together by the fathers of the Republic as our money, and side by side in harmonious and honorable companionship they reigned supreme as our representative of value and medium of exchange until silver was dethroned by the Republican party. And now the enthronement of silver to its rightful place as a money metal is the superlative duty of the Democratic party. [Applause.]

Free Ships.

"Mr. Speaker, when this proposition was formerly before the House it came up under very different circumstances from those which now exist. I then occupied the same position which I propose to occupy now. I then took ground in favor of the citizens of the United States being permitted to purchase foreign ships, and in favor of permitting vessels sailing under foreign flags to be registered under our flag. And I say to these gentlemen now, to the gentleman from Pennsylvania [Mr. Kelley] and to the shipbuilders of this country, that if they allow their notions of high protection to run riot in this matter, so that we shall not permit our citizens to purchase foreign vessels in time of war for the benefit of our naval service and our commerce, so that we shall bind down our citizens under this idea of protection to American ship-building, not to purchase vessels from abroad; I say that by adopting this course they are pursuing a policy that is holding the knife to the throat of the commercial interests of this Nation."—John A. Logan.

SPEECH OF HON. GEO. W. FITHIAN, OF ILLINOIS, IN THE HOUSE OF REPRESENTATIVES.

Friday, February 22, 1895.

The House having under consideration the bill (S. 2783) to postpone the enforcement of the Act of August 19, 1890, entitled "An act to adopt regulations for preventing collisions at sea"—

Mr. FITHIAN said:

Mr. SPEAKER: I do not care to say anything except to protest against the bad faith of Great Britain in refusing to let the act of August 19, 1890, go into effect on the 1st of March, 1895, as originally agreed upon. If this act is not passed, human life will be endangered, and I therefore favored reporting this bill from the Committee on Merchant Marine and Fisheries, and now favor its passage, but if Congress does not soon enact legislation to restore our merchant marine and regain our lost carrying trade, we will have no American ships to be governed by international rules and regulations.

On the 30th of October, 1893, at the first session of this Congress, the Committee on Merchant Marine and Fisheries directed me to report to the House the following bill providing for free ships:

That from and after the first day of January, eighteen hundred and ninety-four, any citizen or citizens of the United States may purchase the whole of any steam or sail vessel, no matter where said vessel may have been built, whether within the United States or in a foreign country, or whether said vessel may have been owned in whole or in part by an alien or aliens; and said vessel shall be registered free of duty as to her hull, spars, appliances, outfit, and equipment (including boilers, engines, and machinery, if a steam vessel) as a vessel of the United States by the collector in any port of entry of the United States to whom application for such registry may be made by said citizen or citizens, in the same manner as though said vessel had been built in the United States: *Provided*, That any vessel so purchased and registered shall not be used or allowed to engage in the coastwise trade of the United States.

It is no fault of any member of the majority of the committee that this bill has not been considered by the House and passed.

The Committee on Merchant Marine and Fisheries in the Fifty-first Congress, in reporting a bill to pay bounties to American-built ships, truthfully set forth the condition of our merchant marine. It said that—

It is a fact well known to Congress, the country, and the world at large that thirty-five years ago, and even as far back as eighty and ninety years ago, the merchant marine of the United States was one of our leading interests, a great source of our prosperity, and the strong right arm of national power. And we regret to say that it is no less notorious now that our shipping in the foreign trade has sunk almost out of sight. As an interest it is as low as it once was high; as a source of employment or of gain it is of little account; as an arm of the national power it has withered away. Our foreign carrying trade, enormously great, is almost entirely passive for want of merchants and underwriters, ships and seamen of our own. Our people have been driven from their rightful pursuits of the sea and from an active carrying trade in the products of their industry ashore. In the change that has come over our navigation and commerce what our citizens have lost our nation has lost; what aliens have gained foreign nations have gained.

To comprehend fully the national interest in thus increasing export values and decreasing import cost, by the use of shipping of our own, we will suppose that our marine in foreign trade, for the last ten years, could have done 75 or 80 per cent of the export and import carrying. Of foreign commerce, by sea, there was an annual average of \$1,525,838,656, which was \$26.85 per capita, a very much greater trade than in any ten-year period before the war. From the best calculations that have been made, it appears that the average price for freighting ocean commerce may be fixed approximately at 15 per cent for exports and 10 per cent for imports, averaging 12.5 per cent of the value for both carried annually. At this rate the total ocean transportation would amount to \$190,726,736. Our marine doing 75 per cent of this would earn and save \$143,047,317; doing 50 per cent of it would make \$95,364,878. Instead of this, however, our shipping has carried an average of only 15 per cent, earning and saving us only \$28,600,463. It results that under the first supposition there has been lost annually for the past ten years \$114,437,844, and under the second hypothesis, \$96,755,418, from the country's wealth.

If all the nations with whom we deal by sea had vessels of their own to share the transportation, the most that could be asked of us would be an equal part of it. That would give us half the carriage. But so many maritime nations have few, if any, vessels, it results that our equitable share of transportation is about 75 per cent of our foreign trade. This estimate does not include the passenger traffic nor postal service.

It is easily understood that the commercial loss from foreign vessels monopolizing almost all our ocean carriage is not local nor individual, but national. It is of national interest to increase our export valuation by adding ocean carriage to production, and to lessen our import liability by using our own marine. It is of national concern to have a favorable balance of trade abroad. Foreign transportation creates a foreign debt. For each of the past ten years we have made and paid a debt of \$162,110,293 for the carriage of merchandise alone. The annual average value of exports by American vessels for the past ten years was \$88,475,029. If therefore took all our fleet in the foreign trade twenty-two months to carry productions enough to discharge the debt for foreign transportation for a single year.

With sufficient shipping of our own, we would have a credit instead of a debt abroad. We would have controlled our own trade instead of having foreign nations control it for us. We would have greatly increased our exports by being our own merchants and carriers. It is through the earnings and savings of her great and adequate marine that England regulates and controls her commerce and secures a balance of account against the world. Take away the equipage of British transportation, and the "ruler of the sea" would soon sink into its depths. It is the work of her shipping that enables her every year to import four or five hundred million dollars more than she exports. She has seized so much of our trade and transportation, that she more than pays, with the work of her ships, for all the grain and beef she buys of the United States.

The shipping problem is, therefore, very plainly, in both its military and commercial aspects, one of profound national interest. It is for Congress to solve it. Under the original policy of the Government our people, in their different pursuits of the sea, solved it for the nation. That policy having been changed, and the demonstration having been satisfactorily made, that, under the policy substituted, our people can not maintain a marine, it becomes necessary for the Government to aid them in so doing. The question is, How shall this be done?

That this is the condition of our merchant marine and our foreign carrying trade no one will dispute, but the contention arises as to the best means of rehabilitating our merchant marine and regaining our foreign carrying trade. The Republican method is, as was proposed in the bill in the Fifty-first Congress, to pay a bounty for navigating ships. The subsidizing of ships has frequently been resorted to in this as well as other countries, and in every instance it has proven a failure. It is not a new and untried experiment, and even if the principle was sound, it would be unwise to resort to what past experience has demonstrated to be an utter failure.

In this connection I deem it appropriate to quote from several eminent statesmen who have spoken in Congress upon this question. Mr. Benjamin Butler said:

I am opposed diametrically, with all my might, with all my judgment, with all my strength, to the idea of subsidizing any line whatever. The only time when this Government attempted to subsidize a line of steamers, the great Collins Line, we not only lost our money, but ruined those whom we undertook to aid.

Mr. Chandler said:

It is desirable to own iron ships, very desirable, and I hope to see the day when we shall have our old supremacy in shipping; but it never will be done in the world by subsidies. It is not the subsidized lines of Great Britain that pay the largest returns. . . . You will never restore your flag to the ocean by subsidies, I care not how great you may make them; you may increase your subsidies to \$10,000,000 a year and you will not restore your flag.

Mr. Morrill said:

Is it practicable to recall our shipping? I think it is, and by the simplest process. Not a dollar of subsidies. Give us cheap materials and we will do it. Give us the ground on which we stand, so that we shall have our materials just as cheap as they can be afforded elsewhere, and then all these shipyards and all that skilled labor will be at work at once, and you will find that we shall restore the balance of the shipping interests on the ocean that now stands against us.

Senator Sherman, in a speech advocating free ships, said:

Since we can not build these vessels within 20 or 30 per cent of the cost in England, why not admit them? Why not admit them duty free, raise the American flag upon them, put American officers upon their decks, and have American lines instead of British lines? Why, sir, if that bill should pass, authorizing foreign ships when owned by American citizens to be used for the present, for three years under the American flag, one-half of the lines between New York and England would be American lines in sixty days.

Senator Edmunds declared that "it was as much unconstitutional and wrong to grant these subsidies to Americans as to give them to foreigners."

Hon. JOSEPH G. CANNON, member of the present Congress, on the 28th of February, 1879, during a debate on the subsidy question, said:

Now, what is this proposition? Oh, it is to give John Roach \$3,000,000 as a practical gratuity and to charge that as a tax on the cotton, and provisions, and tobacco, and wheat, and grain, and breadstuffs, and oil, that we produce. What for? To enable somebody to sell something that he has made, which it cost \$1.43 to make here, while it costs only \$1 to make it in Europe, and both manufacturers have to go to the same market, namely, Brazil. Why, gentlemen, if you had a business agent who proposed to do your private business in that way you would put him into a lunatic asylum or swear that he was a thief or an idiot and discharge him.

Commencing in the year 1847 down to the present time (1879) act after act has been passed for a similar purpose (postal subsidies). I hold in my hand the official statements of the Secretary of the Navy and the Postmaster-General, which show payments of subsidies of the amount, in round numbers, of \$14,500,000 to steamship lines during the period from the year 1848 to 1868. I hold in my hand a statement that shows subsidies to the amount of \$7,000,000, in round numbers, since that time, making over \$21,000,000 that have been paid out of the Treasury for the purpose of establishing steamship lines—\$7,000,000 would buy all the steamships engaged in commerce that sail under the American flag on every ocean in the world—and more than that, the subsidizing of these steamship lines, from the Collins Line in 1852 up to the present time, has bankrupted every prominent man that has favored it.

Hon. John A. Logan, who ably represented Illinois in both the House and Senate, said:

Mr. Speaker, when this proposition was formerly before the House it came up under very different circumstances from those which now exist. I then occupied the same position which I propose to occupy now. I then took ground in favor of the citizens of the United States being permitted to purchase foreign ships, and in favor of permitting vessels sailing under foreign flags to be registered under our flag. And I say to these gentlemen now, to the gentleman from Pennsylvania [Mr. Kelley] and to the shipbuilders of this country, that if they allow their notions of high protection to run riot in this matter, so that we shall not permit our citizens to purchase foreign vessels in time of war for the benefit of our naval service and our commerce, so that we shall bind down our citizens under this idea of protection to American shipbuilding, not to purchase vessels from abroad; I say that by adopting this course, they are pursuing a policy that is holding the knife to the throat of the commercial interests of this nation.

We have been told time and again upon the floor of this House that the success of Great Britain on the high seas is entirely due to the enormous sums of money paid to subsidize her merchant marine. Whenever this statement has been made in my hearing I have challenged its author to produce facts in support of this assertion, and never yet has that challenge been answered. I ask now the gentlemen from Maine, from Pennsylvania, or from California, if they can tell me how great a proportion of the tonnage of Great Britain receives compensation in any form whatever from the British exchequer? Barely 3 per cent! Great Britain pays scant two hundred or two hundred and fifty thousand dollars to cruisers liable to be called into the government service in case of an emergency, and beyond this her only "subsidy" is paid in the form of mail compensation. And that mail compensation, I may say right here, is made at rates one-half, one-third, less than the postal subsidy act of the Fifty-first Congress authorized to be paid for the transportation of mails on American steamers.

Not only does Great Britain not subsidize her merchant marine now, but what is more, she never did, barring the early years when steam navigation on the ocean was almost an untried experiment, and the possibility of keeping up a regular mail service between England and her remote colonies was so uncertain that private interests were reluctant to undertake the task without Government support. I shall not go into the details of the early establishment, nearly half a century ago, of the Cunard Line, the Peninsular and Oriental and other British mail lines. That subject has been fully covered by a gentleman whose scholarship and impartiality entitle his words to the respect and credence of every intelligent American—I refer to the Hon. Arthur T. Hadley, of Yale College, part of whose article on subsidies in the *Cyclopædia of Political Science* from which I quote the following:

England's foreign and colonial relations were such as to force her Government to take the lead in the matter of steamship subsidies; and it did so with great promptness. It was not until 1838 that the practical importance of ocean steam navigation was made to appear. Proposals for a line of Atlantic mail steamers were at once invited, and in 1839 the contract was awarded to Samuel Cunard, whose bid was the most favorable. The original contract was for 3 ships, at an annual compensation of \$55,000; it was soon modified to 4 ships, at \$81,000. This contract was extended and modified to the advantage of the company in 1846, 1854, and 1858; it is only within the last fifteen years that it has been greatly reduced. In 1840 a contract for 14 ships, at \$340,000, was made with the Royal Mail Steam Packet Company, for the carriage of the mails to the West Indies and southern United States.

This company afterwards extended its field of operations to South America. In 1846 the Peninsular and Oriental Company, which had for some years a small mail contract, engaged to run seven mail steamers to India for \$190,000; and this company gradually extended its engagements with the Government, so that for a series of years it has received more than \$400,000, and often \$500,000, annually. The contracts with these three companies have been by far the most important; of the rest, only those with the Pacific Steam Navigation Company and with the Union Steamship Company to Africa need be mentioned. Under contracts like these, England expended in forty years nearly \$43,000,000 sterling. The expense is now gradually decreasing, but still amounts annually to some \$700,000 sterling. These payments are so often cited as an example for America to follow that we must consider carefully how far they were actually of the nature of bounties for the encouragement of the shipping interest.

The early contracts with Mr. Cunard were unquestionably of this nature. Ocean steam navigation was then an experiment; and Great Britain's colonial relations made it a political necessity for her to try the experiment first. Her

statesmen were forced to take the burden of risks which no private individual could prudently bear; hence, the apparent disproportion of the payments to the cost of the steamships. Nor is there good reason to doubt the candor of the Commons committee, who, in 1846, reported, in answer to some complaints on this head, that the service was better performed by that company for the price than it would be by any other. But twelve years later, when the business was thoroughly established, the conservatism of the admiralty allowed the Cunard contract to be renewed at a figure which was then quite in the nature of a bounty and was felt by the post-office to be burdensome and unfair. There was somewhat the same spirit shown in dealing with the Royal Mail Company, especially in renewing their contract in 1868, when, for certain reasons, the business was not thrown open to public competition, as had been the case in all other instances since 1860.

The question is a complicated one, but it is impossible to read the correspondence of the authorities with a rival line, and particularly a report for the Government by Mr. Sondamore (Parl. papers, 1867-68, xli), without feeling that there was an anxiety not merely to have the service well done, but to keep in good condition the line which had done it in the past. The company whose case is oftenest cited as an example of what is done by Government subsidy is the Peninsular and Oriental, but here there is much less ground for so doing than in the two former cases. The company owed its origin and early development to private enterprise; so far from being favored by Government contract it often seemed as if partiality was shown against it; and when it was finally recognized as the only agency competent to perform certain necessary parts of the mail service the contracts were awarded grudgingly at a sum which was considered scarcely an equivalent for the extra liabilities and expense incurred.

The facts which have given rise to the public impression are the enormous aggregate sum paid to the company, the renewal of one of its contracts some years before its expiration on terms which seemed especially advantageous, and, above all, the guarantee, for some years in force, of a 6 per cent dividend on the capital stock of the company. The enormous aggregate pay is explained by the enormous aggregate service. The contract renewal in 1870 was really sought by the authorities to obviate some difficulties under the old contract, which gave them far more trouble than they did the company. The guaranteed dividend requires a word of explanation. In 1867 the company was disinclined to take the Government contract, believing that the pay offered would not compensate the service required. The authorities were equally persuaded that it would. As no other company would undertake the work, the matter was compromised; the company taking the contract with the proviso that if they should, under its terms, be unable to pay a 6 per cent dividend (not 8 per cent, as has been frequently stated), the Government should make good the deficiency. Experience proved the company's original estimate a correct one.

How the matter was regarded by the Government is illustrated by the following extract from Mr. Sondamore's report (Parl. papers, 1867-68, xli, 131, incl. 3): "It would seem that in dealing with ocean services the post-office has only two questions to consider: First, what is the nature of the service required; and, second, what is the proper price to pay for it. In the case of communication with the east, Parliament has openly declared in favor of a more frequent and equally regular and rapid communication; the post-office has ascertained that only one company will undertake the maintenance of that communication, and I think I may also claim to say that it has ascertained, with a reasonably close approximation to accuracy, the proper price to pay for it, for the proper price must in every such case be that which, taken together with the revenue from traffic, will cover the working expenses and give a moderate dividend on capital. It is impossible to obtain good service on other terms. The question can not be dealt with on commercial principles, because the conditions of the postal service compel the contractors to disregard commercial principles. . . . For the sake of keeping up such communication with the east as the nation requires, they must set commercial principles at defiance; and, cost what it may, the nation must either pay them what they lose thereby or forego the communication." (See also Rep. of Com. on Affairs of Oriental Steamship Company, 1867, ix.)

Of England's mail contract system it may be fairly said: (1) That its aims are political and not commercial. It is a necessity for England to have constant communication with her colonies, and she has spent large sums for this object. It is almost equally important for her to have an efficient naval reserve and transport service, and she has made her mail contracts one among several means toward this end. (2) That the incidental commercial advantage to the subsidized companies has not been generally great, except at a very early period of the system. This is evinced by the fact that rival unsubsidized lines have been equally successful, and that the largest contracts have been on terms which made them a matter of indifference to the party receiving them.

Speaking of the French system, Professor Hadley says:

The French Government encouraged the Mediterranean steamship service from the first, and in the years 1861-1865 extended its operations to the support of lines to North and South America, India, and China. The annual amount recently paid under these contracts has been more than four and one-half million dollars. These efforts met with some degree of success; but the attempt by the law of January, 1881, still further to increase the French carrying trade by bounties on shipbuilding, sometimes as high as 60 francs per ton, and by a navigation bounty with a maximum of 150 francs per ton per thousand miles, did not produce the desired results. Of other nations, Italy, in 1880, spent more than three million dollars on steamship subsidies; Brazil, one million seven hundred thousand; Japan, half a million; Belgium, in 1878, spent over a quarter of a million; Austria, a mileage rate with a maximum of about three hundred thousand dollars; Russia a moderate fixed sum and a mileage rate in addition. The subsidies of Portugal and Holland are small; those of Germany and Denmark apply only to Baltic steamers. The most successful ocean steamship lines of the Continent, those of Hamburg and Bremen, receive no pay from the Government other than the very moderate postage rates.

Early in 1865 a contract was made with the Pacific Mail Steamship Company for a monthly mail service to China in vessels of 3,000 tons at an annual payment of \$500,000. No further lines were subsidized, in spite of the well-known report of the Lyne committee in 1870, favoring an extension of this policy. But in 1872 an additional subsidy of \$500,000 was offered the Pacific Mail for the establishment of a second service per month, this time in vessels of 4,000 tons. But the Pacific Mail was unfortunate in every way. Before the subsidy contract of 1865 it had been a sound and well-managed concern; since that time it had been the plaything of speculators. It lost nine vessels in as many years. Foreign shippers had become dissatisfied with its rates and methods. The shares had fallen from above par to below 40. Nor did the supplementary contract bring the expected relief.

The French law, which went into effect January 29, 1881, giving a bounty both to the navigation and construction of French vessels, proved unsatisfactory and failed to accomplish the results expected by its authors. The law expired January 29, 1891, and a renewal of the law was demanded by its advocates as a means to check the downward course of the French tonnage. It seems apparent that subsidies to ships, to be of any avail, must be permanent and con-

tinuing forever. Mr. Cramp, who is a shipbuilder and a strong advocate of subsidies, in speaking of the French law before this committee in the Fifty-first Congress, said:

Experience has shown to the French that their system was too short-lived to produce complete results. The result is agitation for a renewal or extension of the term of the law.

So that if subsidies are to be invoked as the remedy for our decaying merchant marine the people must be taxed forever; our merchant marine must be an annual charge upon the Government and supported like paupers in almshouses.

We must be taxed forever to keep the patient alive and never effect a cure. The French marine journal *La Yacht*, after a lengthy review of the effect of the French law, brimming with statistical facts, says:

By these statistics we ascertain that France alone, among the great nations, sees its merchant marine decreasing in importance.

I feel that it is unnecessary to comment any further upon the folly of attempting to restore our merchant marine and carrying trade by Government bounties, except to answer the false assertions that are made by the opponents of free ships and the advocates of subsidies that the present wonderful achievements of the merchant marine of Great Britain is due to payment of subsidies by that Government. This claim is not founded on fact. Great Britain pays certain lines for carrying the mails the same as we pay the railway lines for carrying our mails. These mail contracts are let at public letting to the lowest responsible bidders and are not restricted to British lines alone. These mail contracts are generally exacting in their terms. Deductions are made for overtime, and penalties for nonperformance are provided for in the contracts. These postal payments or subsidies have been gradually decreasing since 1868. Consul-General New, in his report dated London, September 3, 1889, said:

The British Government does not grant subsidies, in the general sense of the term, to any steamship company, but the post-office authorities make contracts for the conveyance of mails to the different parts of the world with steamship companies having steamers sailing to those ports.

The sailing fleet of Great Britain, which is the largest in the world, does not receive a single penny in the way of bounty, subsidy, mail pay, or in any other way from the British Government. The lines between New York and Great Britain that receive postal subsidies from the British Government are insignificant when compared with the regular lines of British steamers between New York and Great Britain which do not receive either postal subsidy or admiralty subvention. Besides the regular lines, there is a large number of tramp steamers that form a respectable fleet by themselves sailing between our ports and the ports of Great Britain that receive no aid from the British Government. It is a fact indisputable that the British lines that receive no Government aid are as prosperous as those that do.

Not only has Great Britain not built up her merchant marine by subsidies, but I challenge any gentleman on this floor to name a nation which has resorted to the subsidy method successfully, unless coupled with a law similar to the bill reported by the Committee on Merchant Marine and Fisheries. It is true that France during the last fourteen years has paid out upward of \$2,000,000 annually in the form of navigation and construction bounties, and has paid between \$2,000,000 and \$3,000,000 a year for the carrying of her ocean mails, but the tonnage of France to-day is barely equal to what it was thirty-five years ago, and is no larger than it was when the subsidy policy was inaugurated in 1881. In 1881 the total tonnage of France was 914,341 tons; in 1892 the total tonnage was 906,650, and had France refused to allow to her citizens the privilege that this Congress is refusing to allow to citizens of the United States the tonnage of France would have shown a positive decrease. In the nine years, from 1882 to 1890, France bought abroad and brought under her own flag, 289,000 tons, while during the same period her domestic construction was only 295,000 tons. If we turn to Germany we shall find that her subsidized lines constitute barely 4 per cent of her tonnage, and that, while her total construction at home for the ten years ending January 1, 1893, amounted to 514,000 tons, at the same time she bought abroad and placed under her national emblem 323,000 tons.

Italy has also been cited as a nation, the maritime growth of which is due to the subsidy policy. Italy since 1885 has spent in the neighborhood of eight millions of dollars on a system of navigation and construction bounties similar to that of France, yet four-fifths of the Italian steam tonnage to-day was built abroad, and but for the addition of that tonnage to her merchant fleets, Italy would stand to-day in the same position as ourselves, a nation bound to keep the peace, yet with a navy top-heavy by comparison with its merchant marine. No nation on the face of the earth, to repeat, owes any measure of the success it has obtained on the seas to the policy of subsidies. The people of no nation on the earth would tolerate for any considerable number of years the enormous taxation of other interests necessary to carry the subsidy policy to the point of success. Those nations which offer subsidies for the express purpose of encouraging domestic shipbuilding, at the same time give their citizens the alternative, if they see fit to embrace it, to purchase ships where they can be bought upon the same terms as those

upon which their competitors in foreign trade buy them. Even were the United States to adopt the policy of subsidies it must sooner or later be forced to accept a measure similar to the one which I have vainly asked this House to consider. Such has been the experience of other nations—such must be the experience of our own; and so long as we refuse to recognize this fact, just so long must we be content with a place at the foot of the list of great powers on the ocean.

We have been told that the old registry law for vessels in foreign trade is a measure of "protection for American labor," and that the only question involved in this bill is, to quote the most eminent builder in this country of naval vessels and subsidized mail steamers, "a matter of wages." I should be pleased to have any gentleman on the floor of this House, or any other gentleman, explain to me how by any possibility the registry law, so far as vessels in the foreign trade are concerned—and this bill affects none others—how the registry law can by any possibility afford the slightest measure of protection to the American shipbuilder or his employees. The free ship bill has been called a bill to admit the "finished product" into the United States. I should like to know what obstacle now stands in the way of the admission of the "finished product" to any port and every part of the United States. The steamers of the Cunard Line, of the North German Lloyd Line, and of the French Line enter the port of New York on precisely the same terms as the sailing vessels of the Hon. Arthur Sewall, of Maine. The "finished product," whatever flag it bears, is absolutely free to-day under the registry law, and no practical means has been suggested by which it can be otherwise. The wages of American labor in American shipyards are not protected to the extent of one cent by the law which our friends on the other side so tenaciously cling. The effort to convince men to the contrary is not an intelligent effort. When it is made by men with a fair understanding of plain facts right on the surface, before any man who will stand on the wharves of Boston and New York and see the freedom of our coasts to the vessels of every flag, then it is not an honest effort.

Another claim is made by subsidy advocates that Great Britain encourages her merchant marine by a system of admiralty subventions. This system dates from 1878-1888. This claim might deceive some if it were not for the fact that Great Britain's merchant marine was in a most prosperous condition before the period of admiralty subventions. It can not, therefore, be truthfully asserted that such payments are made for the encouragement of British shipping. These payments are made on the condition that the ships should be so constructed as to permit the carriage of heavy guns and be made otherwise available as war cruisers, and, thus modified, be held at the disposal of the British Government at all times for purchase or hire at the option of the admiralty. Vessels thus constructed are less useful in their employment in the passenger and freight service, and the cost of the vessel is thereby increased, and the payment is only just compensation for such losses to their owners. This subvention is now paid to only ten ships, belonging to four different lines.

Shipbuilding is not alone all the important industry involved in this question. It is desirable to build ships, but the ocean carrying trade is also of vast importance. The shipbuilders who are the chief subsidy advocates are not so much concerned about our carrying trade as they are in maintaining our present manifestly unwise restrictive navigation laws. They want shipbuilding protected, and want the Government to keep ships sailing upon the ocean by a system of bounties, with little concern about the amount of commerce carried in the subsidized bottoms. In the days of wooden ships we built ships in the United States cheaper than they could be built in England. Had England then pursued the policy that we have pursued since iron and steel ships supplanted wooden ships we would soon have surpassed England in the carrying trade of the world. In 1849 England, seeing the disadvantage that her merchants were put to, repealed her navigation laws, but not until after a long and stubborn fight against the repeal of the law by British shipbuilders.

In 1855 the iron ships came into use. England then could build iron ships cheaper than we could. We ought then to have done what England did in 1849. We ought to have repealed our restrictive navigation laws and allowed our merchants to buy ships where they could buy them the cheapest, and perhaps would have done so had it not been for the opposition of the American shipbuilders. The repeal of the English navigation laws did not destroy the shipbuilding industry of that country, as was predicted by the British shipbuilders, but shipbuilding continued to prosper without check or hindrance after the repeal of the law by the British Parliament, and to-day Great Britain is the great shipbuilding country of the world. Our shipbuilders claim that the cost of materials has been so much higher in this country that they could not compete with British shipbuilders, and that if they had free raw material they could overcome any difference in the cost of labor.

Mr. John Roach, in 1869, before the House committee to investigate the cause of the decline of our shipping interests, said:

America has lost her commerce, and what has she obtained in exchange for it? Simply the right of a few men to charge \$9 per ton in gold on the importation of pig iron. Pig iron is the basis of all other metals connected with the making and repairing of ships. There has been a revolution in shipbuilding, and iron is the

material from which they are now built. The high cost of iron produced by the tariff upon it is one of the principal difficulties our commerce has to contend with. I did not come here to ask a bounty. I came here to tell you that while all other articles of American produce are protected to a great extent there is no protection for American ships. If Congress will take off all the duties from American iron, reducing it to the price of foreign iron, then we are prepared to compete with foreign shipbuilders. The labor question is misstated; we are prepared to meet that difficulty, and to ask no further legislation on the subject.

Mr. Charles H. Cramp, in reply to a question by Mr. Morrill, as to the average rate of duty of materials entering into the construction of ships, said:

About 40 per cent, and if our shipbuilders could be relieved from that they could compete successfully with foreign builders. The difference in the cost of labor would be overcome by the superiority of American mechanics. Wooden ships will no longer be built, since iron ships are superior in every respect.

Our present tariff law provides—

That all lumber, timber, hemp, manila, wire rope, and iron and steel rods, bars, spikes, nails, plates, tees, angles, beams, and bolts, and copper, and composition metal which may be necessary for the construction and equipment of vessels built in the United States, for foreign account and ownership or for the purpose of being employed in the foreign trade, including the trade between the Atlantic and Pacific ports of the United States, after the passage of this act, may be imported in bond, under such regulations as the Secretary of the Treasury may prescribe, and upon proof that such materials have been used for such purpose, no duties shall be paid thereon. But vessels receiving the benefit of this section shall not be allowed to engage in the coastwise trade of the United States more than two months in any one year, except upon the payment to the United States of the duties on which a rebate is herein allowed: *Provided*, That vessels built in the United States for foreign account and ownership shall not be allowed to engage in the coastwise trade of the United States.

With free raw material shipbuilders should redeem their pledges to compete successfully with foreign builders. If the present bill becomes a law they will have the opportunity, and I entertain no doubt that they will not only compete with, but will soon surpass foreign shipbuilders.

The effect of our present laws has been to drive the American flag off the ocean. Lines that are essentially American lines are sailing the ocean under the British and other foreign flags. Ninety per cent of the stock of some of these foreign lines is owned by citizens of the United States. They sail their ships under foreign flags and seek foreign registry because our laws refuse them American registry and do not permit them to enter our ports under the Stars and Stripes. Hon. John M. Forbes, of Boston, an old merchant engaged in the China tea trade, said before this committee in the Fifty-first Congress:

I am ready to answer any question that comes within the scope of my very limited experience in modern ships, but should like to sum up my position in the respectful request that you will allow me and other American merchants the protection of the Stars and Stripes over such ships, wherever built, as we think necessary to carry on our foreign trade successfully. We don't ask for charity in the way of subsidies, but simply for the protection of our flag in doing what, by treaty or by friendship, you have long allowed every Englishman, Dutchman, Frenchman, or Sandwich Islander to do. The laws of trade are immutable, and so long as our people set them at defiance in this particular the American shipowner and merchant must be contented with a very insignificant position, while I am perfectly sure that any impartial coroner's jury, sitting upon the remains of our foreign shipping interests to-day, would bring in a verdict of "protected to death."

I am a firm believer in resurrection, and when the financial quacks and political mechanists have tried their hand in applying the stimulus of jobs, bounties, and subsidies, and have given up the hopeless task, I am sure that competition and free trade in ships, and the material and supplies for their use, will in due time restore not only our flag to the seas, and the foreign trade which naturally follows it to our citizens, but also the activity to our shipyards which is now a matter of tradition to the young and of memory among the old men. I know that anybody else except an American can bring a ship over here, and that is the privilege that I ask and is the basis of what I ask. It is a discrimination against the American shipowner, and I ask that that be removed and that I be allowed to carry the American flag. I can go to the English laws and I can give some Englishman a commission, and can put the ship under the British flag. It seems to me very hard that an American should be driven out of the trade by restrictions that do not apply to the inhabitants of any other country. I do not ask any privileges in the coast trade, but that I can get my ship and carry on competition in every other country.

Our present navigation laws denying registration, as vessels of the United States, to all vessels except such as are built in the United States, were enacted December 31, 1792. The object was to give protection to the shipbuilding interest of the United States. Then the ships of the world were made of wood and propelled by sail, and could be built in the United States much cheaper than in any other country in the world. This idea of protecting shipbuilding was borrowed from England, the same restrictions having remained on the English statutes until repealed in 1849. This unwise policy has now been abandoned by all the maritime nations of the world except the United States. We remain where we started over one hundred years ago. We seem to have lost sight of everything except the idea that by pursuing this unenlightened policy we were protecting our shipbuilding interest, and the effect has been to lose our ocean carrying trade, and of placing it in foreign hands without benefiting our shipbuilders.

In 1856 the values of the imports and exports coming into and leaving our ports on foreign vessels amounted to \$159,336,576, while the values of the imports and exports carried on American vessels were \$482,268,274, the per cent carried on American vessels being 75.2. In 1866 the values of the imports and exports carried on our vessels had shrunk to \$325,711,861, while the imports and exports carried on foreign vessels had increased to \$685,226,691, the per cent carried on American vessels being 32.2. In 1876 the values of the imports and exports carried on American vessels were \$311,076,171,

while the values of the imports and exports carried on foreign vessels were \$813,354,987, the per cent carried on American vessels being 27.7. In 1886 the values of the imports and exports carried on American vessels were \$197,349,503, while the values of the imports and exports carried on foreign vessels were \$1,073,911,113, the per cent carried on American vessels being 15.5. For the fiscal year 1893 the values of the imports and exports carried on American vessels were \$197,765,507, while the values of the imports and exports carried on foreign vessels were \$1,428,316,586, the per cent carried on American vessels being 11.5. By these figures it will be seen that our foreign carrying trade practically amounts to nothing, and at the present rate of decrease it will only be a few years until we lose it all.

The object of our navigation laws in refusing American registry to foreign-built ships as a means of encouraging shipbuilding, has been a signal failure. Its effect has been to put nearly all of our ocean carrying trade into foreign hands. It has given to foreign shipowners almost complete control of our foreign carrying trade. And although the object was to build up American shipbuilding, no ships of any consequence are built in the United States for the foreign carrying trade, while we have surrendered, practically, to our British rivals, all of the foreign carrying trade. This nation should consider the plain question whether as a nation we will completely and forever abandon the seas. If our rivals upon the ocean had been permitted to devise and direct the policy which the United States Government should adopt, no better policy could have been devised than the one we have pursued, to surrender every interest we have in the foreign carrying trade of the world.

When the tonnage of the world was largely constructed of timber the forests of our country gave us the advantage. We had the materials of which ships were built at our doors. Then we had shipbuilding, shipwrights, seamen, and ships. If England ever pursued the policy of paying subsidies to build up shipping it was in those days, as it was then she paid the largest sums to her shipowners, yet we passed her, both in shipping and in the carrying trade. England discovered her disadvantage in shipbuilding with us, and instead of increasing subsidies, she did what we long since should have done, repealed her navigation laws.

THE REPEAL OF THE BRITISH NAVIGATION LAWS.

The contest in the British Parliament for the repeal of the British navigation laws was opposed in the interest of the British shipbuilders, and the debates in the British Parliament against the repeal advanced the same reasons that our friends in the United States now advance against the repeal of our own antiquated navigation laws. When I read the speeches of Mr. Herries, the Marquis of Granby, Lord Stanley, Mr. Robinson, and other distinguished members of Parliament against the repeal of the British navigation laws, it reminds me of the efforts of the friends of the Cramps in the Fifty-first Congress, advocating Mr. Farquhar's bill giving bounties to shipowners. And the petitions and remonstrances that were sent to the British Parliament were not unlike the appeals that are made by the few selfish shipbuilders of our country, who have been haunting the doors of this Capitol for the last forty years, begging that they be given subsidies out of the Government Treasury.

I beg the patience of the House to read brief extracts from the debates in the British Parliament on the repeal of the British navigation laws, as reported in Hansard's Parliamentary Debates.

Mr. Labouchere, speaking for the repeal of the navigation laws, said:

Without going into the details of these questions, I may remind the House that the main alteration which I proposed last session was to entitle a foreign-built ship to a British register, if British owned and British manned, a proposal which would go to break down the monopoly at present existing in the shipbuilding trade in the United Kingdom. Now, without anticipating discussion upon this point, I must say that subsequent reflection has tended more and more to deepen the conviction which I entertained and expressed last session that that important trade—that trade which I value as deeply as anyone—the trade of shipbuilding in England and her dependencies—has nothing to fear from the change which I now propose. (Hans. Par. Deb. 102, 689, and 690.)

Speaking of the results to be accomplished by the bill for the repeal, the same gentleman said:

But the more I have considered this question, the more I am satisfied that some measures, which, while they encourage trade, abolish useless restrictions, must infallibly increase the maritime strength, and tend to the greater security and power of this country.

Mr. Hume, replying to Mr. Brummond, stated:

But what was it, he would ask, which gave wages and labor to the industrious classes? Why, it must be the increased means of employment. The right honorable gentleman, the member from Stamford (Mr. Herries), admitted that there was no place in the world so well calculated to be the depot of the world as England; and what, he (Mr. Hume) would ask, had prevented her from being so, so much as the restrictive laws on our commerce and navigation? Did they want proof that instead of capital being employed in labor here, it had gone elsewhere? Why, the right honorable gentleman had told the House that the employment of capital was so restricted by the operation of the navigation laws that they were obliged to employ the capital of Englishmen to carry on trade elsewhere. What caused that capital to go away? It was the restrictive operation of the navigation laws. The capital, his right honorable friend said, was employed in building ships in Sweden, and Russia, and elsewhere; but were not Russians and others part owners? The right honorable gentleman truly said that from the restricted means of building ships in this country—and that was owing to the navigation laws—our merchant shipowners in this country were compelled to obtain a cheaper conveyance for their goods elsewhere. Now, so far from that being the case, as stated by the right honorable gentleman, every one of his arguments went to dis-

prove what he stated. What we wanted was, that the English merchant should be allowed to carry goods in an English ship as cheaply as in the bottoms of any other country. He (Mr. Hume) and his right honorable friend (Mr. Herries) had been long engaged in arguing upon this subject; they had grown gray in discussing it; yet his right honorable friend seemed to stand still, and to abide by all the obsolete doctrines which twenty times had been refuted in that House. The industry of this country had been shackled by monopolies; and the removal of every monopoly, whatever it might be, must tend to its advancement. England, which was blessed with such vast resources of capital and labor to employ, had nevertheless been most unfortunately forced to expatriate her capital in American, Prussian, and other ships, because these laws were in existence. His right honorable friend had read an extract from a speech of Mr. Huskisson, but did he not know that but for the navigation laws the American navigation would not have been half what it was now? He hailed the proposition of Her Majesty's Government as one of the means of hereafter reducing the impediments to the employment of capital, the improvement of labor, and the keeping up of wages of those who were engaged in this country. (Han. Par. Deb., 162, 713, and 714.)

Here Mr. Hume refers to conditions that exist in the United States to-day. American citizens engaged in shipping have been compelled, because of our restrictive navigation laws, to purchase foreign-built vessels and sail them under foreign flags, being denied the right under our laws to place the American flag upon their own property. This was the case with the *New York* and *Paris*, that belonged to the Inman Line and sailed the ocean as British vessels, although 90 per cent of the stock of said vessels was owned by American citizens. The vessels were under subvention to the British Admiralty until granted American registry by act of Congress.

Mr. Hume, referring to a statement made by Mr. Herries in debate that France had yielded nothing to Great Britain in removing her restrictive navigation laws, said:

But let him look to the state of the navy of that country. France has decreased that arm of power during the last five years, and that decrease was likely to be continued. The fact was that wherever the blot of monopoly and restriction existed an injury was done to the great interests of the nation if competition could not be brought to bear against them. From that cause France was suffering, and if she did not yield she was likely to suffer still further in her commercial navy. Their conduct was not an example to follow, but a lesson to avoid. (Han. Par. Deb., 102, 714, and 715.)

Mr. Ricardo, in replying to objections made by British shipowners to throw open the coasting trade, said:

It would be far better to say to the shipowners, "Depend upon yourselves; depend upon your energies as Englishmen; depend upon the resources of this country and the wealth which commands the resources of the world, and do not trust to acts of Parliament. It would be better to send forth our ships free as the winds which filled their sails, with liberty to go where they would and come from where it suited them, than to start them from our ports encumbered with the eighth and ninth Victoria." (Han. Par. Deb., 102, 720.)

Mr. Mitchell, in reviewing the decline of the merchant navies of Spain, France, and Holland, under more restrictive navigation laws than England then had, said:

In these as well as other countries, the more restrictive the navigation and other commercial laws were, the more injurious had they proved to those nations which had adopted them.

Mr. Williams, speaking for the bill, stated that—

He trusted that the proposition of the right honorable gentleman (Mr. Labouchere) would pass into law, because he was convinced it would be the means of giving increased employment to the people, and consequently of improving the condition of the laborer.

Mr. J. O'Connell, an Irish member, said:

He was proud to think that Irish members had assisted in securing the repeal of the corn laws; and though they had since been deserted by the English advocates of free trade, he trusted they would still vote for similar measures. The loss of life would have been infinitely greater in his own country if the navigation laws had not been suspended; and he believed that his countrymen would be benefited by that cheapening of the cost of food which must arise from the lowering of freights. On these grounds, and on the great principle that all monopoly was an evil, he should, as an Irish member, record his vote for the removal of all commercial restrictions, and more particularly for the repeal of the navigation laws. (Han. Par. Deb., 102, 740.)

Mr. Wilson, speaking in reference to competition, said:

With respect to competition, with whom was it that the British shipowner was not now competing? They were competing with every country, even according to the policy of the navigation laws themselves, independently of any consideration as to reciprocity treaties. The British shipowner was brought into direct competition with the American shipowner, and in his own market, where he had all the benefits derived from local connections, part ownerships, and other advantages, none of which the British shipowner possessed in the American ports. The shipowner of this country had to leave Liverpool or the other ports with a comparatively light freight, and upon their arrival in the American ports, they had to compete with the Americans, and bring home cotton for the same price as they would charge. They had to compete with the Prussian ships in the Prussian markets, with Spanish ships in the markets of Cuba. In fact, in every country, according to the policy of the navigation laws, without the least degree owing to any new-fangled notions of free trade, the British shipowners had to compete with other countries, and that too under the most unfavorable circumstances, and when the competition was likely to be the strongest. (Han. Par. Deb., 103, 492.)

This is the condition of this country to-day. American shipowners must compete with every other nation of the world. To enable them to carry on that competition successfully they must have the privilege of buying their ships as cheaply as the merchants of other nations.

Sir J. Graham said:

Now, I always understood that the real origin of these laws was to be traced to that old mercantile system which I thought had been long ago exploded and rejected—a system which consisted of a commercial struggle between nations as to which should attract to itself the largest portion of the precious metals, and which regarded the means of arriving at that end to be this—that a gain by each nation could only be obtained by an equivalent loss on the part of all the others.

That, I conceive, to have been the mercantile system which has long been exploded, but which I must say I see symptoms on the part of some to endeavor to revive and restore to practice even in this our day. (Han. Par. Deb., 600, vol. 104.)

Further on in the same speech he said:

At a later period, in 1791, Sir Matthew Docker, whose opinions should be received with the greater caution because he is opposed to the navigation laws—this writer says that the object of the navigation laws was to increase the number of our seamen, and to add to our shipping, but that they had produced an opposite effect—that they had diminished the number of our seamen, and diminished the tonnage of our shipping; and he goes on to say that this was done at the same time that enhanced freights entailed a needless and heavy burden upon the community. Then comes an authority upon whom great reliance is placed in these matters—I mean the authority of Adam Smith. Speaking also from memory, and not giving his exact words, I think that Adam Smith says that the navigation laws are inimical to commerce and to that prosperity which commerce generates. He says, it is the interest of a nation always to buy as cheaply as possible, and sell as dearly as possible. By an odd coincidence this is the very passage in which he lays down the canon of trade, which the protectionists so much despise, of buying in the cheapest and selling in the dearest market. And, for that purpose, he goes on to say, it is desirable to have the greatest number of sellers in the market, because, having the greatest number of sellers, you can secure the greatest number of buyers. He goes on to admit that the effect of the navigation laws is to diminish the number of sellers and the number of buyers, and that under this system we sell cheaper and buy dearer than we should under a perfect system of free trade. (Han. Par. Deb., 104, 681, 682.)

Further on Mr. Graham said:

But the real question is this: Will the repeal of the navigation laws injure that commercial marine which is the mainstay of the royal navy? If I could bring myself to entertain such a belief, I should not vote for this bill; but, entertaining no fear on that point, I have made up my mind to give my support to the bill in its present shape. The honorable gentleman, the member for the county of Oxford, in debating this matter on a former occasion, laid down two general principles, to which I fully assent. He said that our commerce was the foundation of our marine, and he went on to show that ships do not create commerce, but follow it. Nothing is more true; and the question will then present itself, in what shape can we, with the greatest certainty, increase our commerce, and thereby our marine. I may be asked what will be the effects of the repeal of these laws. I believe the first effect will be to lower freights; next that it will tend to the increase of our exports and imports; that will stimulate trade and consumption, and stimulated trade and increased consumption will inevitably lead to an increase in the number of our seamen and of our ships. (Han. Par. Deb., 104, 685.)

The Duke of Argyll said:

Did he entertain the belief on which the evil prophecies of noble lords opposite were founded, he should be infinitely less proud of England, less proud of her past history, less hopeful of her future destiny. But he entertained no such opinion. They were all proud of the victories their countrymen had won on the fields, and especially on the seas, of battle; but he believed they might be prouder still in the conviction that they could gain a victory which was nobler yet, because a victory on which all other victories must ultimately depend—that they could enter the lists and win the prize in the peaceful race of industry. (Han. Par. Deb. 104, 1382-83.)

The following are quotations from the speeches of gentlemen who spoke against the repeal in the British Parliament. I recognize in them the familiar wails of our own subsidy beggars.

Mr. Herries, who was a leader of the debate against the repeal of the English navigation laws, said:

On what ground was it likely that any man would embark his capital in British shipbuilding, if he found he could work out the same objects with a foreign-built ship as with a British-built vessel, and if he knew that with a foreign ship he would not have to sustain those disadvantages of navigation and crew which were still to be attached to British-built ships? What was there, then, to prevent the enterprise of the British capitalist (that spirit of enterprise which pervaded every quarter of the globe) from transferring his capital from that which was the least advantageous investment to that which was the most advantageous, and to employ the foreign ship and crew as the cheaper instrument, in lieu of the British as the more costly one, for the purposes of his trade? He asked whether it could reasonably be expected that the mere spirit of patriotism would induce the capitalist to give the preference to British ships and British artisans under these circumstances. It was putting patriotism to too great a trial. (Han. Par. Deb. 103, 711.)

How similar are these utterances to the speeches made by my friend, Mr. DINGLEY, and others who oppose the repeal of our navigation laws, and who believe in granting Government subsidies as a means of building up our merchant marine. If my friend Governor DINGLEY was dead, and I heard these words repeated, without knowing from whence they came, I would at once conclude that his ghost had returned to earth and he was speaking.

Mr. Money Wigram, a British shipbuilder, who had spoken against the bill before the select committee of the House of Lords, threatened Parliament with the withdrawal of British shipbuilders to New York if the repeal bill was passed, and these are his words:

Take protection away and I will go to New York.

This threat was referred to by Mr. Herries in debate, and the words approvingly quoted.

Mr. Drummond said:

I think it right to state that this question, divested of official jargon, in plain, honest English, is simply this, that it is the latest of a series of measures incubated by the Manchester school, the end and object of which is to discharge all British laborers, and to employ, for the future, foreign laborers. Need I go through the details? It is unnecessary. You have said you will admit foreign timber instead of English timber; you have said you will admit foreign timber sawyers instead of English timber sawyers; you have said you will admit foreign shipwrights instead of English shipwrights; indeed, I may go through the whole catalogue of labor, and your policy will apply to all. (Han. Par. Deb. 103, 713, 713.)

Mr. Robinson declared that—

He fully agreed in the short and pithy speech of the honorable member for Surrey (Mr. Drummond), that all these free trade questions, which have been brought before the House in succession, tended to the discouragement of labor and the depreciation of wages, and would ultimately pauperize the country. (Han. Par. Deb., 103, 733.)

Mr. Robinson further states:

He found, from statistical account, that at this moment the tonnage of the United States was 3,100,000 tons, while that of this country (Great Britain), including its colonies, was 3,800,000 tons. The difference was, therefore, only 700,000 tons, and if they were allowed to trade direct between our colonies and the mother country and to have the intercolonial trade thrown open, without any restriction, he [Mr. Robinson] warned the House that the marine superiority of Great Britain would gradually diminish, whilst the United States would enjoy the benefits of a trade to which they never had any claim whatever, and for which they could give us no compensation.

The Marquis of Granby observed that—

The honorable member for Bridport [Mr. Mitchell] had stated that the trade with Cuba was now almost entirely in the hands of British shipowners; the inference intended to be drawn being, apparently, that British shipping could, without any protection, be able to compete with foreign. If this measure passed, the Americans would enter into the trade with Cuba in such a manner that this country would soon be deprived of it. Another fallacy of that honorable member [Mr. Mitchell] was that the consumer would derive great benefit from the repeal of the navigation laws. The consumer might be benefited by the reduction of freight in the case of heavy articles, as, for example, that of timber; but he appealed to the House and to the honorable gentleman himself whether a reduction in the case of sugar to the extent of the sixteenth part of a penny per pound would confer any benefit on the consumer. He would not then enter into the general question, reserving his remarks for a future occasion. He would only, then, declare his entire concurrence in the opinion of his right honorable colleague [Mr. Herries], that the naval superiority of this country depended upon the maintenance of the navigation laws.

Mr. Herries, on the second reading of the bill, presented petitions from the leading cities of Great Britain, and referred especially to the following petition from Liverpool, signed by 24,700 persons:

That your petitioners view with the greatest alarm the progress of a measure by which it is proposed to take away from this country the advantages it has so long and so successfully enjoyed, and by which such great results have been produced; and (as they believe unwisely) to invite foreign nations to share those advantages with us—nations utterly unable, even if willing, to confer upon us an equivalent in return. That one self-evident result would be the substitution (to a great extent) of foreign for British and colonial shipping, the employment of the labor and capital of other countries in lieu of our own, and the creation of new relations between foreign nations and our own colonies, thus weakening the ties which bind the latter to the mother country, and diminishing British power and influence throughout the world. But above all these, your petitioners would most earnestly implore your honorable House to look at the consequences of this measure as regards the British navy. Dependent as this is for the supply of the best seamen upon the mercantile marine, can it be supposed that it will maintain its present power when that supply is withdrawn, as it inevitably will be, by the diminution of merchant shipping? And with a navy badly manned and inefficient, how, in the event of war, your petitioners would respectfully ask, will our remaining trade be protected, our colonies continued to us, or even our national existence secured? (Han. Par. Deb., 103, 466.)

The Marquis of Granby, on the question of the British shipowner being able to compete with the American shipowner, said:

The question we have to consider is, whether the British shipowner can or can not compete with the foreigner. If it is capable of demonstration that he can not compete, I do not think that this House would be acting right, because it has adopted the principle of free trade in other cases, to adopt it in this particular instance also. It is very easy to understand, and very easy, I think, to demonstrate to this House, on the evidence which has been taken before the Lords committee, that the British shipowner can not compete with the foreigner; and the proof of it is, that everything in this country is very much dearer than in foreign lands—the wages he has to pay are much higher, and his materials he has to purchase at a much greater cost than the foreigner. The consequence is, that ships built in England, even those built in Sunderland, where the cost of construction is much smaller than at any other British ports, are much more expensive than those of any foreign country whatsoever. I will not trouble the House with the details I intended to refer to, because it is universally admitted that the ships built in England are much dearer than the ships built abroad. But, sir, I can not refrain from alluding to the price of American ships, because the honorable gentleman who spoke last referred in a special manner to the ships built in that country. I find that Mr. Minter, in his evidence before the committee of the House of Lords, said that the price of American ships was £14 a ton, and that the price of English ships, class A1, averages from £24 to £26 per ton. You will thus perceive that it is evident English ships can not compete with American.

Again, if we look to the British tonnage employed in the trade with our colonies and compare it with the American tonnage, we shall find that the American tonnage to our colonies increased from 1825 to 1846 by 1,635,822 tons. Nevertheless, in the face of these facts, the honorable gentleman, the member for Westbury, says we shall be able to compete with the American tonnage. It is impossible we can do so. The capabilities of America and the extent of her resources forbid us to entertain any such anticipation.

The navigation laws were repealed by the British Parliament, and notwithstanding the high price of ships in England and the low price that then prevailed in America, the British shipowners did compete with the American and to-day are the masters of the seas.

The Marquis of Granby, in the course of his argument, read from Mr. Mackay's book, *The Western World*, to show what the resources of America are. Mr. Mackay wrote:

Her resources, in almost every point of view, are infinitely greater than any that we possess. Look at her forests, her fertile valleys, and vast alluvial plains. Look at the variety of her productions, including most of those that are tropical, and all that are yielded by the temperate zone, and look at her mines teeming with coal, iron, lead, copper, and, as has just been discovered, with silver and gold. Look again at her enormous territory, and at the advantages she possesses for turning all her resources into account, in her magnificent system of lakes and rivers, in her extensive seacoast; in her numerous and excellent harbors, and in her geographical position, presenting, as she does, a double front to the Old World, or holding out, as it were, one hand to Asia and the other to Europe. But such resources and advantages are only valuable when properly turned to account. It is only by their being so that they will become formidable to us. We have only to look to the race possessing them to decide whether they are likely to be turned to account or not. The Americans are Englishmen exaggerated, if anything, as regards enterprise. This is not to be wondered at, as they have, as a people, more incentive than we have to enterprise. Of this we may rest assured, that the most

will be made of the resources and advantages at their disposal. This is all that has made us great. We have turned our coal and our iron, and our other resources to account, and the world has by turns wondered at and envied the result.

The American stock of coal and of iron is more than thirty times as great as ours, and more than twelve times as great as that of all Europe. Their other resources are in the same proportion, as compared with ours. And if our resources, turned to good account, have made us what we are, what will be the fabric of material greatness which will yet spring from the ample development of resources thirty times as great? If the industry of from twenty to thirty millions of people, with limited means, have raised England to her present pinnacle of greatness and glory, what will the industry of 150,000,000 yet effect in America, when brought to bear upon resources almost illimitable?

It is the consideration that America will yet exhibit in magnificent proportions all that has tended to make England great, that leads one irresistibly, however reluctantly, to the conclusion that the power of England must yet succumb to that of her offspring. There is, however, this consolation left us, that the predominant influence in the world will still be in the hands of our own race. That influence will not pass to a different race, but simply to a different scene of action. It has been England's fate, during her bright career, to plant new states which will inherit her power and her influence after her. On the continent of North America, on many points on the coast of South America, at the southern extremity of Africa, throughout wide Australia, in New Zealand, in Van Diemen's Land, and the Indian Archipelago, the Anglo-Saxon race will prevail, and the Anglo-Saxon language will be spoken, long after England's glories have become historic and traditional. These different communities, flourishing remote from each other, will all be animated by a kindred spirit, and will cherish a common sentiment of attachment to their common parent, who will long exercise a moral influence over them, after her political power has been eclipsed.

Not that England will not always be able to maintain her position in Europe. The powers which are destined to overshadow her are springing up elsewhere, and are of her own planting. Of these the American Republic, or Republics, as the case may be, will politically and commercially take the lead, when England, having fulfilled her glorious mission, shall have abdicated her supremacy, and the sceptre of empire shall have passed from her forever.

I do not believe that if we protect the industry of this country, that if we retain our navigation laws in their present integrity, this country need succumb to America or to any other country on the face of the earth. But it is an argument often used that the energy, the enterprise, and the industry of our shipowners and of Englishmen generally is so great that they can compete with any nation in the universe. I readily admit the industry and enterprise of the British people; but I am not ready on that account to expose them to a competition against which I am convinced they can not successfully struggle.

To show the means that were employed to frighten members of Parliament into voting against the repeal of the British navigation laws, I read the following from the speech of the Marquis of Granby:

I was speaking to a gentleman this morning, who informed me that he was about to charter two English ships for Jamaica, but in consequence of his belief that you were going to repeal the navigation laws—a presumption on his part which was based on the correspondence which has taken place between the Government of this country and those of foreign nations—he chartered instead two Danish ships at a reduced rate of 7s. 6d. per ton. What evidence could be stronger or more practical than that? Is it not evident that these cheap Danish, Russian, and American ships will and must displace our own? A shipowner carrying on extensive transactions in Liverpool, and who also gave evidence before the committee, informed me the other day that he was going to build another ship, but that he delayed doing so until he knew whether it was indeed in contemplation to repeal the navigation laws, for, if so, he was resolved to have his ship built in America. That, I think, is another significant fact, and one which sufficiently indicates what we may expect in the event of the navigation laws being repealed. (Han. Par. Deb., 103, 511.)

On the question of wages depriving artisans of employment the Marquis said:

In considering this question in all its bearings, I hope the House will not forget the number of artisans that will be thrown out of employment by the repeal of the navigation laws. You can not deny this fact, because one of your main arguments in support of the repeal of the navigation laws is that the British shipbuilder has now a combination by which he keeps his rate of wages at 6s. per day, but which scale you are now anxious to deprive him of. Sir, I can predict that the noble lord at the head of the Government, who is not now in his place, will at some future day, when he is about to ruin some other class (if, indeed, any will remain to be ruined), come down and say, "In former years there was a class of men in this country who depended for their livelihood upon building British ships; that class has been destroyed by competition with foreign countries. These men were happy and industrious; they received 6s. per day for their labor; but in consequence of the competition to which they were exposed, they were deprived of their employment. Great distress existed among them at first, but some of them have betaken themselves to other occupations, and others have emigrated." (Han. Par. Deb., 103, 513.)

Further on in debate the Marquis of Granby said:

Those who advocated a repeal of the navigation laws were therefore bound to show that such a change would not be injurious to our mercantile marine. But the repeal of the navigation laws would not only aim a direct blow at our naval superiority, but it would necessitate the introduction of other measures—it would lead to a repeal of the apprenticeship system and the allowing of foreign ships to be registered in this country. The inconsistency of the Government plan was generally acknowledged. The fact is, the Government are oscillating between their desires to carry out the principles of free trade, between the injustice they are inflicting on British shipowners and their desire to maintain the naval superiority of this country. The result is, that they have introduced a measure not only unjust in principle and dangerous to our naval supremacy, but one which, at the same time, shows their want of confidence in the truth of their principles. (Han. Par. Deb., 103, 518.)

And the Marquis, in conclusion, said:

Oh, that I had the power to dispel the delusions with which we are now assailed! Oh, that I had the power to stir up that patriotism and that love of country which should animate every breast! for if I had such power, I should have no fear as to the result; for, despite of the confidence now entertained by Her Majesty's Government, and despite those inconsiderate communications, and, I may say, the unconstitutional communications made by them to foreign governments—despite all those advantages, still I think I should see the gallant vessel that is now struggling with the storm sail triumphantly above the waves that threatened to overwhelm her. Sir, I have no fear for the result of this great question. Despite of all disadvantages, if Englishmen are but true to themselves and their country, we shall be able to weather through the storm that impends over us, we shall be able to retain the command over that glorious element which is our natural protector, and which is the connecting link between this country and the countries dependent upon us abroad; and for years to come, notwithstanding the prophecy of Mr. Mackay, the flag of England will float triumphantly through every sea.

Mr. Henley, opposing the bill, said:

But if, for the sake of the cuckoo cry of free trade in one thing, and free trade in another, Government allowed their present course, he would ask, Was this a good time to try such a dangerous and doubtful experiment?

To say the least, in a time of transition, when everything had been cheapened by a new system, at the very commencement of this system, no matter from what cause, it was evident we had not multiplied our transactions though we had lessened our prices. While the system was in an imperfect state, and when they could not allege that any impediment had been offered by want of sufficient shipping, was it wise to attack an interest with a large capital embarked in it, and having the important question of our naval superiority involved in it, when there existed no real necessity for taking such a step? If the country were polled, every man, he was sure, would cheerfully pay the hardly appreciable advance in prices rather than run the tremendous risk of a failure in this experiment. No one had attempted to deny that obstruction was here, and inconvenience here; but when you came to balance the possible risk with the possible gain, he was quite sure no one would be disposed to run that risk which he, for one, feared must take place if the present measure were carried. (Han. Par. Deb. 103, 533.)

Mr. Herries, in the debate on the third reading of the bill, denounced it and said it should be entitled—

A bill to abolish all the laws now in force for the encouragement of British shipping and navigation, and to make further provision for the discouragement thereof. (Han. Par. Deb. 104, 623.)

Time, the great agent of truth, has established the utter uselessness of the British navigation laws and the wisdom of their repeal, and the American people should profit by the lesson the repeal of the British navigation laws has taught.

Further on Mr. Herries declared that if they (the advocates of repeal)

were determined to persevere with this measure, and it should unfortunately pass into a law, he felt satisfied that the Government, and those who aided them in this destructive course, would become the subjects of universal indignation at home and the laughing stock of the enemies and rivals of Great Britain abroad. (Han. Par. Deb. 104, 632.)

Mr. Robinson, speaking against the bill, said:

Want of employment and low wages he considered to be two of the greatest evils with which the Government had to contend, and he was not disposed to add to those evils by giving his support to this measure, which must end in transferring a great portion of the shipbuilding of this country to other countries, and reducing the wages of the artisans employed in our dockyards. There were many hundreds of thousands of people employed in connection with the building, equipment, and repair of vessels in this country, and although he, for one, was not disposed to say that, even if this measure should pass into a law, shipbuilding would altogether cease in this country, yet he would venture to say that which no man could deny, namely, that the necessary consequence of the passing of this measure must be materially to lessen the number of ships built in this country, and of course to abridge the employment connected with that interest. Well, then, looking at the other branch of the question—our naval supremacy—he conceived it to be the duty of the legislature to maintain that supremacy inviolate, as upon it depended the independence of this country. (Han. Par. Deb., 104, 634-35.)

Mr. Disraeli, in opposition to the bill, said:

The noble lord goes about looking for a great question for the session, and finds amongst his free-trade allies some crude jejune theory. He claps it to his bosom and incontinentally adopts it as his own. A great interest is attacked, a great agitation is set on foot, and then he comes forward like a great statesman to appease it. He unsettles an interest, and then he settles the question by destroying the interest. Sir, that is the whole policy of the Whig party. To-night they have obtained an illustrious ally in the person of a right honorable gentleman, who tells us we have to decide between reaction and progress. But progress where? Progress to Paradise, or progress to the devil? People don't want to hear any longer of these undefined, windy phrases of "progress;" they want to know where you are progressing to. What are you at? What do you mean to do? What are you about? (Han. Par. Deb., 104, 608.)

Lord Brougham, opposing the bill, said:

"Be liberal to others," said the noble Marquis, "and trust to their returning your liberality." I gravely doubt it; at all events, I had rather, with Mr. Huskisson, delay giving everything up to them until I saw they were disposed to make us somewhat of a like return. He expects the Americans, for instance, to reciprocate. There is another phrase familiar to them of late years, and which they are more likely to use—they will probably repudiate, not reciprocate; reject your ultra-liberal policy, and not imitate it. (Han. Par. Deb., 104, 1342-43.)

And that is what the American people did do. They refused to reciprocate and rejected the policy adopted by England, and because of that refusal to imitate the example of Great Britain in throwing open her commerce to the world, including her coastwise trade, the United States has suffered until to-day our merchant marine has sunk into insignificance, while England has gained the supremacy of the seas.

The Earl of Ellenborough, also speaking against the bill, said:

I know well that the several parts of this great Empire, faithfully banded together, making mutual sacrifices for mutual security, may forever stand against the world; and, under our old Constitutional Government, may enjoy a larger portion of prosperity, and a larger portion of real liberty, than can be attained in any republican state, but if partial interests are allowed to outweigh the general interests of the Empire, if public avarice be allowed to absorb every public virtue, and the acquisition of present temporary profit be made the sole subject of our legislation, we shall fall, as others have fallen before us, by neglecting the means by which we rose to greatness, and we shall fall unmourned, unhonored, and despised. (Han. Par. Deb., 104, 1392.)

It is with the greatest pleasure that I quote the following from the Portland (Maine) Daily Eastern Argus, in regard to the action of the board of trade at that place, the home of the distinguished gentleman, Mr. REED, in voting down a resolution similar to one passed by the Maine legislature against free ships. The Argus says:

At the meeting of the board of trade yesterday afternoon resolutions protest-

ing against the passage of the Fithian free ship bill, now pending in Congress, were defeated. Evidently our board of trade takes a broader and more comprehensive view of the situation than did our State legislature, which a few days ago passed resolutions of a similar nature. Ex-Mayor John W. Deering at the meeting yesterday made a strong argument against the adoption of the resolutions, and it undoubtedly had great weight. A full report of Captain Deering's remarks will be found on another page of this paper. They should be carefully read by everybody interested in our merchant marine.

Mr. Deering, who made the motion to indefinitely postpone the resolution against free ships, made the following speech which I here insert in my remarks:

MR. PRESIDENT AND GENTLEMEN OF THE BOARD OF TRADE: I move that the resolution be indefinitely postponed, and I will give my reasons for the motion. It is the most important question, in my judgment, that there is at the present time before the American people, especially to American shipowners, and, it will not be too much to say, in the interests of American shipbuilders.

I want to go back, if you will listen to me with patience, and give you my experience in the matter. In 1856 I had the honor, and I consider it the greatest honor I ever had conferred upon me, to command an American ship under the American flag and her name has since become historical, the *Kearsarge*, but not the historic one. Consequently, I believe I am as patriotic upon these questions as any American, I do not care where he belongs nor who he is.

In August, 1856, the telegraphic cable was laid and it happened to be my lot in that ship to fall in with the squadron where they were rendezvousing to join the ends together and bring the cable to this country. At that time a gentleman who (now a resident of Portland) was my second officer, assured me that the cable would change the business of the world, and so it has. At that time had begun the adoption of the iron and steel ships and the building of the iron and steel tramps propelled by steam.

There is another little history connected with this matter. At the time I commenced to go to sea, or just before, the American clipper ship had become first known and it emanated from the brains of an American. It was a distinct departure from the old-fashioned ships built previous to that date. At that time England was building ships which cost about £12 a ton, and we were building ships that cost about \$60 a ton—both nations being equal in that respect in the race for the commerce of the world or the carrying trade. But owing to our superior ships—superior for speed and buoyancy, especially in the deep-water carrying trade for California and Australia, we were fast absorbing and taking from the English their carrying trade. Our ships were obtaining higher rates of freight than English ships could obtain. In the cotton ports the American ships received the preference and a higher rate of freight over the English. Consequently the British Parliament seeing that they were fast losing the carrying trade of the world, that the Americans were fast superseding them, called a meeting of Parliament especially upon this question and to find out what was to be done to preserve that trade to the English ships. The result was that the British Parliament appointed a committee to ascertain what the matter was. That committee was composed not of shipbuilders, not of members of Parliament that had shipbuilding constituencies behind them, but it was made up of the best merchants there were in England. They reported to Parliament that they must annul these very same laws that is asked of our Congress to-day to annul. It has been said in one of the meetings in this State that these laws are as old as Washington. They are older than that; they go back to the time of Cromwell. Well, that committee reported to Parliament that it was more necessary for England to own ships than it was to build them. The result of the report was that Parliament did in 1849 precisely what the American Congress is asked to do to-day—to wipe out those laws which prevented England from purchasing ships in foreign countries.

I want to say in this connection that the United States of America is the only nation on this footstool but what gives her citizens the right to buy a ship and put it under the flag of the nation to which she belongs.

Well, what was the result? We were building ships from Eastport to New York. The English bought our ships and soon they were seen everywhere under the British flag. The committee was right. The scheme was successful and England retained her commercial supremacy. That was not all. The ships had to come back to Great Britain to be repaired. The English and Scotch shipbuilder was enabled to see the superiority of our models and thus adopt them. Then they commenced to build iron and steel vessels on the same model that they had taken from us; with iron and steel they built ships of greater speed and more buoyancy and with such lasting virtues that some of them are alive to-day, while your wooden ships are all gone. That is from 1855 to 1860, when the British commenced to build the tramp steamer which, more than anything else, has wiped the American ship from the face of the ocean. We could not build them on account of the extreme cost, and so the wooden ship of that day has gone out of existence.

At the time I came to Portland in 1866 I had given up the sea. My principal reason for doing so was this: I always liked the profession, I enjoyed it, my ship was my home—one for eight years—but I gave it up because I believed that the end of the deep-water commerce was near at hand. The result has proved that I was right.

I came to Portland, and there was not a deep water going ship built in Portland, and very few in Kennebunkport, but what I built a portion of. The money I put into those vessels was not a successful business venture. I literally threw away one-half of the interest on the money and all the insurance. I was interested in 18 large ships which gives me, I think, some knowledge and right to speak on this question.

If, in 1857, these laws had been wiped out the American people to-day would have been the equal of Great Britain on the ocean. We should have enjoyed a commercial supremacy to-day, as far as the carrying trade is concerned, that would have been fully equal to England, and possibly a large number of ships that come into Portland with the British flag flying would be under the American flag.

Now, what has been the result? We can not build them and we can not buy them. Had these iron ships and iron tramps been bought by Americans they would have had to undergo repairs in a very short time; that would have necessitated their coming back to this country. Here our shipbuilders would have taken the models and molds from them and in a very few years we should have been building, from Eastport to the South, iron and steel ships to be used in the deep water carrying trade. I do not believe there is any question about it whatever; our shipbuilding industries would have been revived.

I remember when the bill was brought before Congress by our Representative, Hon. John Lynch. About the only man beside myself that advocated free ships, was the first president of the board of trade, as good a merchant as ever was produced in New England, John B. Brown. He was frightened, and saw what was coming, and he told me at that time there was no other way in the world to establish the shipping and carrying trade except by purchasing iron and steel vessels.

Now, what I say about shipbuilding we have seen illustrated in Germany, France, and Italy. A few years ago not one of these nations could have built an iron and steel ship. To-day Germany is building and turning out finer ships than England, and cheaper ones. So that I say if we had been allowed to purchase these ships we would have had a merchant marine to-day that would have been employing thousands of Americans, and we must all agree that it is a very desirable matter to have American officers in command of our vessels, and

as many Americans in the fore-castle as possible so that they may eventually become officers and masters.

So we come down to the present time. What is the result? These laws do not prevent the purchase of iron and steel ships or tramp steamers, but the American who buys them or invests his money in them is obliged to put them under the protection of another flag. Right here in your own first district, within three years, has been bought a steel ship, a magnificent vessel of 2,200 tons, every dollar of her owned in the first district, and that ship is obliged to be sailed under the English flag. Only the other day one of our first-class shipmasters went from here to Boston to take command of an elegant steel bark of 1,100 tons or more, every dollar of which is owned in Boston, and which vessel is under the Hawaiian flag.

Now, I cut out of a newspaper, on the very day that this meeting was called for the consideration of this matter, an article which seems to me so applicable to what I am talking of that I will read it.

Mr. Deering read from the American Journal of Commerce an article showing the number of ships under foreign flags, owned by Americans, that sailed out of the port of New York last year, carrying a total of 9,676,000 bushels of grain.

Now, I just want to show the selfishness—to call it by no harsher name—of the shipbuilders in regard to this matter. You can all see how Mr. Cramp, in building these two ships which are to be placed on the line with the *New York*, and *Paris*, which were transferred from the English flag to the American flag was enabled to obtain these contracts, notwithstanding these ships cost 30 per cent more than they can build the same ships for on the other side of the water. Congress passed a bill giving a subsidy of \$4 a mile for the outward passage of these ships owned by that company for carrying the mails to Southampton. Why did they go to Southampton? Because it is farther, and they make twelve trips a year, which gives them over \$144,000 a vessel. There are four ships, making a subsidy of more than \$500,000 a year, and for how many years we do not know. At the same time, that very company goes to Great Britain and contracts for two freight steamers to be built, of a larger capacity than anything that floats.

I want to compare that subsidy with what these ships received before from Great Britain. The real truth of the case is that these ships like the *Majestic*, *Teutonic*, *New York*, *Paris*, and ships of that character were built under the admiralty plans; that is, they sacrificed the carrying capacity to speed. They built them with the machinery all under the water line; they obliged them to build them so. If I am correctly informed, the two ships that are being built will not have the machinery below the water line. But Great Britain made a bargain with them that these vessels should be built in that way, and agreed to pay them \$48,000 a year. Our Government is paying the same vessels \$12,000 a passage out, or \$144,000 a year, each one of them. That is the manner in which they propose to increase the quantity of American shipping for the carrying trade. The only good I can see in it whatever is that, as far as the ships go, we shall have American masters and officers, and perhaps men to help navigate the vessels.

There is another thing about this matter. It is an acknowledged fact that we can not build these steamers; they don't allow us to build them. It may be that they would not be profitable, that the time has gone past, but we do know that the immense fleet of British vessels has been built up with the profits that commenced with tramp steamers.

Now, if this bill which proposes to admit ships built in foreign countries to American registry is passed, these ships that are carrying grain out of New York—the finest ships that float—a large number of them will be transferred immediately to the American flag, and the result will be that they will be commanded and officered by Americans, and the bill requires that one-quarter part of the seamen shall be Americans.

Now, if that is the case, are we not to obtain great aid by allowing the transfer of these ships in the case of war. With these ships you do not care so much about sailors, but you have got to have blacksmiths and engineers. I believe, as I said at the commencement, that this is the most important question before the American people to-day, and I do not want to see the members of the Portland Board of Trade stultify themselves and their organization by endorsing these resolutions which you are asked to endorse here to-day.

Some time ago a statement of the wages paid in British yards and in Philadelphia was published over the name of Mr. Charles H. Cramp, the eminent shipbuilder. If, by that statement, Mr. Cramp wished the public to draw the inference that the registry law for vessels in the foreign trade was the cause of the relatively higher wages paid in Philadelphia than on the Clyde, then that statement was absolutely misleading. We in Congress who vote every year large sums of money for the construction of war vessels, in which cost is only a minor consideration, well understand that the registry law has not the slightest bearing on the work done or wages paid in Philadelphia. We in Congress who voted for or against the postal subsidy act, and for or against the bill to admit the *Paris* and *New York* to American registry—a free ship bill for the benefit of two establishments—well understand that the registry law has nothing to do with the work done or wages paid in a second large share of the undertakings of this great Philadelphia yard. Finally, those who are familiar with the construction in this yard for a period of years past well understand that the remaining vessels built there have been built either for the coasting trade absolutely or for the coasting and foreign trade combined.

Throughout its long existence the registry law, I venture to assert, never sent one American shipowner into an American shipyard to buy a vessel for the foreign trade; it never gave one day's employment to one American workingman. It never will send an American purchaser to an American yard, and it never can give one dollar's worth of wages to an American workingman. In the early days of its enactment we were building in this country cheaper and better vessels than were built on the face of the globe, and American shipyards were crowded with American buyers and with American workingmen for that reason. It is possible that some time in the future the wonderful development of our steel industries may again create like conditions, when we can build cheaper vessels and better vessels than can elsewhere be built. When that time comes American purchasers and the shipowners of the world will come to this country for their vessels, not because the registry law sends them here, but in obedience to a plain business law. So long as ships can be built more cheaply elsewhere than they can be built in the United States, those Americans who wish to own vessels for foreign trade will go to the cheapest market, and the registry law

does not, and never can, prevent them. Without going into details in this matter, which may be found in the report of the Bureau of Navigation, it is easily within bounds to say that for the last six or seven years Americans have bought abroad and navigated under foreign flags in the foreign trade a considerably greater number of steamships than they have bought at home. From the very nature of the case the registry law, so far as vessels in the foreign trade are concerned, has no bearing upon wages, and its repeal can have no bearing upon wages.

In the language of the report of the majority of this committee in the Fifty-first Congress on the Farquhar subsidy bill—

We have bound our limbs and cramped our energies by acts and treaties that bind no longer any nation but our own.

It is time that the chains should be broken, the fetters removed, and our cramped energies allowed to expand.

APPENDICES.

Value of imports and exports carried in United States and in foreign vessels from 1821 to 1893.

Fiscal years.	Imports.		
	In cars and other land vehicles.	In American vessels.	In foreign vessels.
1821		\$58,025,896	\$4,550,825
1822		76,984,331	6,257,210
1823		71,511,541	6,067,726
1824		75,265,053	5,283,954
1825		91,902,512	4,437,563
1826		80,778,120	4,196,357
1827		74,965,496	4,518,572
1828		81,951,319	6,558,505
1829		69,325,552	5,166,975
1830		66,035,739	4,481,181
1831		93,962,110	9,229,014
1832		90,298,229	10,731,037
1833		98,060,772	10,057,539
1834		113,700,174	12,821,158
1835		135,288,865	14,066,877
1836		171,056,442	18,323,593
1837		122,177,193	18,812,024
1838		103,087,448	10,626,956
1839		143,874,252	18,217,880
1840		92,802,352	14,339,167
1841		113,221,877	14,724,300
1842		88,724,280	11,437,807
1843		99,971,875	14,781,924
1844		91,174,673	14,260,362
1845		102,438,481	14,816,083
1846		100,009,173	15,680,624
1847		113,141,357	33,494,281
1848		128,647,232	26,351,694
1849		120,382,152	27,475,287
1850		139,637,043	38,481,275
1851		163,650,543	52,574,380
1852		155,258,467	53,038,288
1853		191,688,325	76,290,322
1854		215,876,273	66,117,821
1855		202,234,900	59,233,620
1856		240,972,512	64,067,430
1857		259,116,170	101,773,971
1858		203,700,016	78,913,134
1859		216,123,428	122,644,702
1860		228,164,855	134,091,399
1861		201,544,055	134,100,098
1862		92,274,100	113,497,629
1863		109,744,580	143,175,340
1864		81,212,077	248,350,818
1865		74,385,116	174,170,536
1866		112,040,395	333,471,763
1867		117,209,536	300,622,035
1868		122,965,225	248,669,583
1869		136,802,024	390,612,231
1870		153,237,077	309,740,510
1871	\$15,187,354	163,285,710	363,020,644
1872	17,635,681	177,286,302	445,416,783
1873	17,070,548	174,739,834	471,806,765
1874	14,513,335	176,027,778	405,320,135
1875	13,083,859	157,872,726	383,940,568
1876	12,148,667	143,389,704	321,139,500
1877	10,697,640	151,834,067	329,365,833
1878	12,965,999	140,409,282	307,407,565
1879	11,963,823	143,590,353	310,409,989
1880	15,142,465	149,317,368	503,494,913
1881	17,193,213	133,631,146	491,840,269
1882	22,854,946	130,266,826	571,517,602
1883	23,903,048	136,002,290	664,175,576
1884	20,140,294	135,046,207	612,511,192
1885	21,149,476	112,894,052	443,513,801
1886	24,555,683	118,942,817	491,937,636
1887	27,562,059	121,365,493	543,392,216
1888	32,209,459	123,525,298	568,222,357
1889	38,227,861	120,782,910	586,120,881
1890	40,621,361	124,948,943	623,740,100
1891	40,932,755	127,471,678	676,511,763
1892	39,726,595	139,139,891	648,935,976
1893	44,121,094	127,005,434	695,184,394

APPENDIX TO THE CONGRESSIONAL RECORD.

251

Value of imports and exports carried in United States and in foreign vessels from 1821 to 1893—Continued.

Fiscal years.	Exports.		
	In cars and other land vehicles.	In American vessels.	In foreign vessels.
1821		\$55,175,572	\$9,798,410
1822		60,715,568	11,444,713
1823		65,515,060	9,883,404
1824		67,411,706	8,574,981
1825		88,799,749	10,735,639
1826		69,553,516	8,041,806
1827		72,090,444	10,232,283
1828		61,108,374	11,156,312
1829		62,089,441	10,269,290
1830		63,882,719	9,964,789
1831		65,546,181	15,764,402
1832		66,140,767	21,036,183
1833		68,058,231	22,082,202
1834		77,693,461	20,643,512
1835		94,135,191	27,558,386
1836		97,132,457	31,530,583
1837		91,207,563	20,211,813
1838		89,819,799	18,666,817
1839		94,787,948	20,240,468
1840		105,622,257	26,463,689
1841		94,808,638	27,043,105
1842		79,893,029	24,798,511
1843		65,083,636	19,292,844
1844		78,450,529	32,740,517
1845		86,042,442	27,704,104
1846		86,550,175	26,938,341
1847		100,204,804	53,868,210
1848		109,667,931	44,374,200
1849		100,533,123	45,232,007
1850		90,615,041	52,283,679
1851		152,456,689	65,931,322
1852		139,476,937	70,181,429
1853		155,028,802	75,947,355
1854		191,522,266	84,474,054
1855		203,250,562	71,006,284
1856		232,525,762	94,699,146
1857		251,214,587	111,745,825
1858		243,491,288	81,133,133
1859		249,617,059	107,171,509
1860		279,082,002	121,039,394
1861		170,972,738	69,372,180
1862		125,421,318	104,517,667
1863		132,127,691	190,880,691
1864		103,849,409	237,442,730
1865		93,017,750	262,839,583
1866		213,671,466	351,754,928
1867		180,625,368	290,706,368
1868		175,016,348	301,886,491
1869		153,154,748	285,979,781
1870		199,732,324	329,786,978
1871	\$7,798,156	190,378,462	392,801,992
1872	10,015,089	168,044,799	393,929,579
1873	10,799,430	171,566,758	484,915,886
1874	8,509,205	174,424,216	533,885,971
1875	7,304,376	156,385,066	501,838,949
1876	6,324,487	167,686,467	492,215,487
1877	6,767,179	164,826,214	530,354,703
1878	7,511,305	166,551,624	569,583,504
1879	7,439,862	128,425,339	600,760,633
1880	5,838,928	100,020,200	720,770,521
1881	8,250,306	116,955,324	777,102,714
1882	12,118,371	96,962,919	641,460,987
1883	25,089,844	104,418,210	694,331,348
1884	26,573,774	98,652,828	615,287,007
1885	24,183,299	82,001,691	636,004,765
1886	19,144,667	78,406,686	561,973,477
1887	21,389,660	72,991,253	621,802,292
1888	22,147,368	67,332,175	606,474,964
1889	28,436,517	83,022,190	630,942,000
1890	32,949,902	77,502,136	747,376,044
1891	31,923,429	78,988,047	773,569,324
1892	33,221,472	81,033,844	916,022,832
1893	43,862,947	70,070,078	733,132,174

Fiscal years.	Total imports and exports.			Per cent carried in Amer- ican vessels.	
	In cars and other land vehicles.	In vessels—			
		American.	Foreign.		Total.
1821		\$113,201,462	\$14,358,235	\$127,559,697	88.7
1822		137,699,899	17,701,923	155,401,822	88.4
1823		136,827,207	15,451,190	152,278,397	89.9
1824		142,676,750	13,858,906	156,535,656	91.2
1825		180,702,261	15,173,202	195,875,463	92.3
1826		150,331,636	12,238,163	162,569,799	90.9
1827		147,056,040	14,750,635	161,806,675	89.9
1828		143,059,693	17,714,817	160,774,510	90.9
1829		131,414,993	15,436,205	146,851,198	89.5
1830		129,918,458	14,447,970	144,366,428	89.9
1831		159,508,291	24,930,416	184,438,707	86.5
1832		156,438,980	31,767,220	188,206,200	83.1
1833		166,119,003	32,139,741	198,258,744	83.8
1834		191,393,625	39,464,070	230,857,695	83.0
1835		229,424,050	42,165,263	271,589,313	84.5
1836		268,188,890	49,854,176	318,043,066	84.3
1837		213,384,756	45,023,837	258,408,593	82.6
1838		192,907,247	29,290,773	222,198,020	84.2
1839		238,692,200	44,458,348	283,150,548	84.3
1840		198,424,000	40,802,856	239,226,856	82.9

Value of imports and exports carried in United States and in foreign vessels from 1821 to 1893—Continued.

Fiscal years.	In cars and other land vehicles.	Total imports and exports.			Per cent carried in American vessels.
		In vessels--			
		American.	Foreign.	Total.	
1841		\$208,030,515	\$41,767,465	\$249,797,980	83.3
1842		168,617,303	36,236,318	204,853,621	82.3
1843		115,025,611	34,074,766	149,100,377	77.1
1844		172,625,202	47,099,879	219,725,081	78.6
1845		189,380,923	42,520,247	231,901,170	81.7
1846		192,558,348	42,621,965	235,180,313	81.7
1847		213,346,161	87,272,491	300,618,652	70.9
1848		238,305,163	70,725,896	309,031,059	77.4
1849		220,915,275	72,697,984	293,613,259	75.2
1850		239,272,064	90,764,954	330,037,018	72.5
1851		310,107,232	118,505,711	428,612,943	72.7
1852		294,735,404	123,219,817	417,955,221	70.5
1853		346,717,127	152,237,677	498,954,804	69.5
1854		406,098,539	170,591,875	576,690,414	70.5
1855		405,485,462	131,139,904	536,625,366	75.6
1856		482,268,274	159,336,576	641,604,850	75.2
1857		510,331,027	213,519,796	723,850,823	70.5
1858		447,191,304	160,096,287	607,287,591	73.7
1859		463,741,381	229,816,211	693,557,592	66.9
1860		507,247,757	255,040,790	762,288,546	66.5
1861		381,516,788	203,478,278	584,995,066	65.2
1862		217,095,418	218,015,296	435,110,714	50.0
1863		241,872,471	343,056,031	584,928,502	41.4
1864		184,061,486	485,793,548	669,855,034	27.5
1865		167,402,872	437,040,124	604,442,996	27.7
1866		325,711,861	685,226,691	1,010,938,552	32.2
1867		297,834,904	581,330,403	879,165,307	33.9
1868		297,981,573	550,546,074	848,527,647	35.1
1869		289,956,772	586,492,012	876,448,784	33.1
1870		352,960,401	638,927,498	991,887,899	35.6
1871	\$22,985,510	353,664,172	755,822,576	1,109,486,748	31.9
1872	27,650,770	345,331,101	839,346,362	1,184,677,463	29.2
1873	27,869,978	346,306,592	960,722,651	1,313,929,243	26.4
1874	23,022,540	350,451,904	939,206,106	1,289,658,106	27.2
1875	20,388,235	314,257,792	884,788,517	1,199,046,309	26.1
1876	18,473,154	311,076,171	813,354,987	1,124,431,158	27.7
1877	17,464,810	310,660,281	659,920,530	1,176,580,817	26.9
1878	20,477,364	312,050,906	676,991,129	1,190,042,035	26.3
1879	10,423,695	272,015,602	611,260,232	1,183,284,924	23.0
1880	20,981,393	258,346,577	1,224,265,434	1,482,612,011	17.4
1881	25,452,521	250,586,470	1,269,002,983	1,519,589,453	16.5
1882	34,973,317	227,229,745	1,212,978,769	1,440,208,514	15.9
1883	48,092,892	240,429,500	1,258,506,924	1,498,927,424	16.0
1884	46,714,068	233,609,035	1,127,798,190	1,361,407,234	17.2
1885	45,352,775	194,865,743	1,079,518,506	1,274,384,309	15.3
1886	43,700,350	197,349,503	1,073,911,113	1,271,260,616	15.5
1887	46,951,725	194,556,746	1,105,194,580	1,350,702,251	14.3
1888	54,356,827	196,887,473	1,174,697,321	1,365,541,621	14.0
1889	66,664,378	203,305,108	1,217,061,541	1,420,806,049	14.3
1890	73,571,263	202,451,086	1,271,116,744	1,573,567,830	12.9
1891	72,856,194	206,453,725	1,450,081,087	1,656,540,812	12.5
1892	72,948,067	220,173,735	1,564,538,805	1,784,722,543	12.3
1893	87,984,041	197,765,507	1,428,316,568	1,714,066,116	11.5

NOTES.—1. The amounts carried in cars and other land vehicles were not separately stated prior to July 1, 1870. 2. Exports are stated in mixed gold and currency values from 1862 to 1870, inclusive.

TREASURY DEPARTMENT,
OFFICE OF THE AUDITOR OF THE TREASURY
FOR THE POST-OFFICE DEPARTMENT,
Washington, D. C., October 25, 1893.

SIR: At the request of the chief clerk of the Post-Office Department I have the honor to make the following statement showing the cost of ocean mail service for the fiscal years ended June 30, 1891, 1892, and 1893:

Fiscal year.	Amount paid on actual weight of mail conveyed.	Amount paid under subsidy contracts.	Total amount paid for ocean mail service.
1891	\$629,446.79		\$629,446.79
1892	687,164.01	\$120,675.00	807,839.01
1893	599,303.59	498,563.66	1,097,867.25
Total	1,915,914.39	619,238.66	2,535,153.05

Respectfully,
JNO. B. BRAWLEY, Auditor.
Hon. GEORGE W. FITHIAN, House of Representatives.
Vessels of the United States in the foreign trade.

Year.	Tons.	Percentage of increase (+) and decrease (-).	Year.	Tons.	Percentage of increase (+) and decrease (-).
1850	1,429,004	.144+	1862	2,179,537	.120-
1851	1,544,063	.073+	1863	1,926,896	.113-
1852	1,705,650	.104+	1864	1,498,749	.228-
1853	1,910,471	.120+	1865	1,518,350	.021-
1854	2,151,918	.126+	1866	1,397,756	.086-
1855	2,348,358	.091+	1867	1,515,648	.082+
1856	2,302,190	.020-	1868	1,487,246	.019-
1857	2,268,196	.015-	1869	1,496,220	.006-
1858	2,301,148	.014+	1870	1,448,846	.032+
1859	2,321,674	.009+	1871	1,263,652	.059-
1860	2,370,306	.025+	1872	1,350,040	.063-
1861	2,496,894	.049+	1873	1,378,533	.014+

Vessels of the United States in the foreign trade—Continued.

Year.	Tons.	Percentage of increase (+) and decrease (-).	Year.	Tons.	Percentage of increase (+) and decrease (-).
1874.....	1,980,815	.008+	1884.....	1,276,972	.006+
1875.....	1,615,508	.090+	1885.....	1,262,814	.011—
1876.....	1,553,795	.025+	1886.....	1,088,041	.138—
1877.....	1,570,600	.010+	1887.....	989,412	.091—
1878.....	1,580,342	.012+	1888.....	919,302	.071—
1879.....	1,451,506	.087—	1889.....	990,619	.087+
1880.....	1,314,402	.094—	1890.....	923,062	.071—
1881.....	1,297,036	.013—	1891.....	988,719	.065—
1882.....	1,250,492	.029—	1892.....	977,624	.011—
1893.....	1,200,681	.068—	1893.....	883,199	.097—

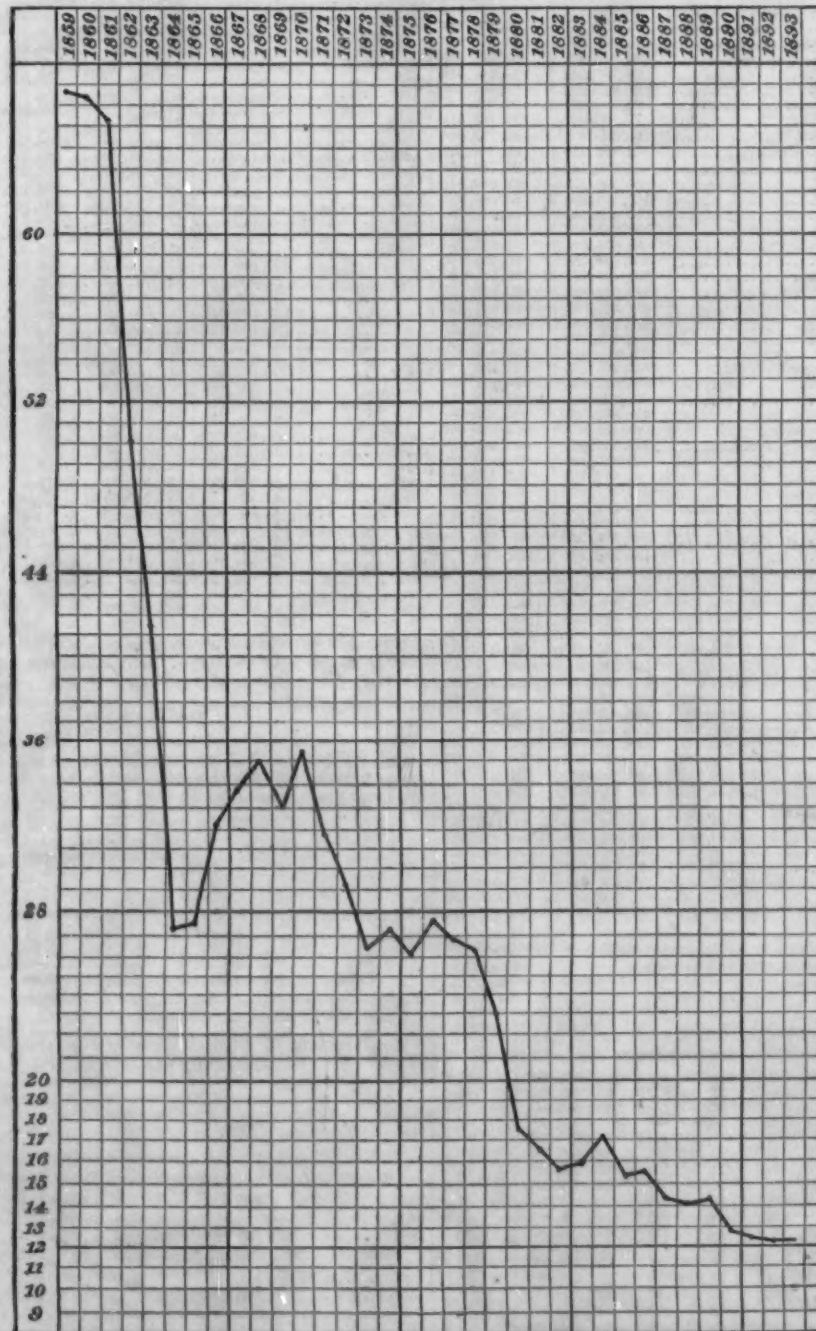
TREASURY DEPARTMENT, BUREAU OF STATISTICS,
Washington, D. C., October 23, 1893.

DEAR SIR: I send you herewith a diagram intended to show the progress of the decline in the percentage of our foreign commerce carried in American vessels. It is based upon the table that appears in the annual volume of Commerce and Navigation, but I think appeals more readily to the eye than the table does to the mind. I also send you a comparative statement intended to show the relative growth of our foreign trade, as expressed by values and the proportions carried in American vessels. I cover five years—1859, 1870, 1880, 1890, and 1893. It is prepared on mathematical principles—that is, the extent of each square bearing a fixed relation to the value of the trade represented. Here, again, I think such a statement is more easily apprehended by the average intelligence than a mere comparison of figures. You are at liberty to make such use of this material as you see fit.

Yours, respectfully,

WORTHINGTON C. FORD,
Chief of Bureau.Hon. GEO. W. FITHIAN, M. C.,
House of Representatives.

Diagram showing per cent of foreign trade of United States carried in American vessels, 1859-1893.



WORTHINGTON C. FORD.

NAVY DEPARTMENT,
OFFICE OF NAVAL INTELLIGENCE,
Washington, October 11, 1893.

SIR: In response to your request of October 3 to the honorable Secretary of the Navy, I take pleasure in forwarding you the inclosed information in regard to the amounts paid by the British Government in subventions to the different steamship lines with which it has entered into admiralty contracts from the beginning of the system up to the end of the last fiscal year of that Government.

I beg to draw your attention to the fact that the subventions stated in the columns are in addition to the amounts received by these companies under mail contracts. The admiralty subvention for right of preemption of vessels in time of war are given separately, as they represent the amounts of money received by the steamship companies; the other columns, showing admiralty expenses for fitting supports and platforms for armament, show the money expended by the admiralty for preparing the ships for the reception of guns, etc., either by the Government or private firms, and these figures, therefore, do not represent any pecuniary benefit to the steamship companies.

Very respectfully,

F. SINGER,
Chief Intelligence Officer.

Hon. GEORGE W. FITHIAN,
Chairman of the Committee on Merchant Marins and Fisheries,
House of Representatives, Washington.

[Memorandum concerning the British admiralty subventions.]

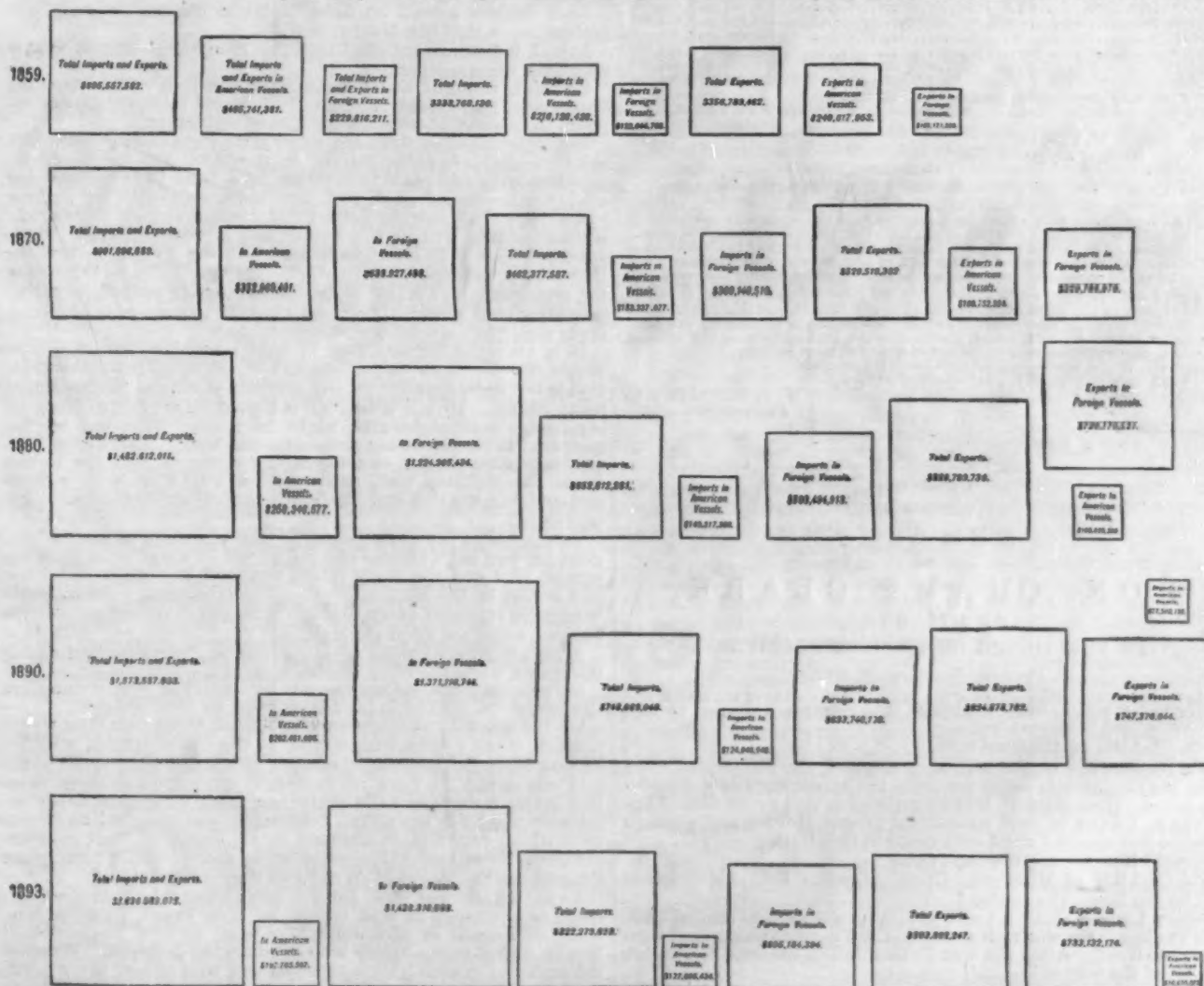
Amounts paid to different steamship lines.

Line.	Year.	Admiralty subventions for right of pre-emption.	Admiralty expenditures for fitting supports and platforms for armament.
Cunard.....	1887-88	\$48,343.81	\$24,259.50
	1888-89	82,871.63	
	1889-90	82,866.76	

Amounts paid to different steamship lines—Continued.

Line.	Year.	Admiralty subventions for right of pre-emption.	Admiralty expenditures for fitting supports and platforms for armament.
Cunard	1890-91	\$82,866.76	
	1891-92	90,918.58	
		390,867.54	\$34,259.50
Peninsula and Oriental.....	1887-88		36,637.38
	1888-89	25,850.85	3,829.94
	1889-90	51,706.56	
	1890-91	51,706.56	
	1891-92	51,706.56	
		180,970.53	39,467.32
Inman	1888-89		7,299.75
	1889-90		8,029.72
	1891-92	84,312.11	
		84,312.11	15,329.47
White Star.....	1889-90	17,075.13	13,467.21
	1890-91	53,341.71	
	1891-92	71,342.80	
		142,859.73	13,467.21
Canadian Pacific.....	1891-92	24,337.37	

The fiscal year ending March 31, 1892, is the latest one for which the actual expenditures for admiralty subventions can be stated.



In 1859 and 1870 merchandise imported or exported in cars or other land vehicles was included in general totals. In 1880, 1890, and 1893, no account is made of such merchandise—about \$42,000,000 on either side—too small to affect result.

WORTHINGTON C. FORD.

The navy appropriations for the fiscal year ending March 31, 1893, make provision for the payment of the following amounts in the case of the steamship lines here specified:

Cunard.....	\$65,729.38
Peninsula and Oriental.....	60,318.26
Inman.....	46,835.84
White Star.....	71,340.45
Canadian Pacific.....	35,586.28
(Value: £1=\$4.8665.)	

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., April 7, 1892.

SIR: I have the honor to acknowledge the receipt of your letter of the 5th instant, requesting me to furnish you with a "statement showing the expenditures on account of the post-office packet service, from the year 1868-69 to the present time, or to the last fiscal year, of the British post-office for the conveyance of the mails."

In reply, I have to inform you that the annual expenditures of the British post-office department, on account of the "post-office packet service," were published for the first time in the report of the postmaster-general of Great Britain for the fiscal year ended March 31, 1871; so that it is not practicable to furnish you with the desired information for the years preceding the fiscal year ended March 31, 1871; but since that time the amounts reported by the British postmaster-general as expended annually on that account are reported as follows, viz:

For the fiscal year ended March 31—	
1871.....	£1,009,912 = \$4,914,231
1872.....	No report.
1873.....	1,013,694 = 4,932,635
1874.....	1,028,108 = 5,002,773
1875.....	879,256 = 4,278,459
1876.....	701,567 = 3,413,825
1877.....	741,962 = 3,610,387
1878.....	652,362 = 3,174,393
1879.....	649,330 = 3,159,641
1880.....	636,356 = 3,096,508
1881.....	604,834 = 2,943,122
1882.....	592,705 = 2,884,102
1883.....	607,384 = 2,955,530
1884.....	594,831 = 2,894,447
1885.....	608,766 = 2,962,226
1886.....	538,567 = 2,620,607
1887.....	596,323 = 2,901,707
1888.....	588,403 = 2,863,168
1889.....	516,153 = 2,511,600
1890.....	691,015 = 3,362,478
1891.....	697,539 = 3,394,224

I am, very respectfully, your obedient servant,

JNO. WANAMAKER,
Postmaster-General.

Hon. GEORGE W. FITHIAN,
House of Representatives.

OFFICE OF THE POSTMASTER-GENERAL,
Washington, D. C., October 28, 1895.

SIR: In compliance with your verbal request that the statement contained in letter of this Department No. 101433 of the 7th of April, 1892, showing the annual expenditures of the British post-office department on account of the "post-office packet service" during the years from 1871 to 1891, inclusive, be completed by a statement of the annual expenditures on the same account during the years 1892 and 1893, I have to inform you that the desired information is derived from the annual reports of the postmaster-general of Great Britain, and that the latest of these reports that has been received at this Department is the one for the fiscal year ended March 31, 1892, which shows that the expenditure on the account referred to for that fiscal year amounted to £732,626, or \$3,564,958.

Letter No. 101433, above referred to is herewith returned.

I am, very respectfully, your obedient servant,

W. S. BISSELL,
Postmaster-General.

Hon. GEORGE W. FITHIAN,
House of Representatives.

Pensions.

REMARKS

OF

HON. CHAMP CLARK,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Friday, January 11, 1896.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (S. 1135) granting a pension to Mrs. Katharine Todd Crittenden—

Mr. CLARK of Missouri said.

Mr. CHAIRMAN: In these closing days of the Fifty-third Congress the Democratic party presents the appearance of a dissolving view. [Laughter.] But its principles will never die. [Applause.] I want to state something to this House; and perhaps it is the last speech I shall ever make in this Hall.

Several MEMBERS. We hope not.

Mr. CLARK of Missouri. Upon reflection I do not think it will be my last. [Laughter.]

When I was a child I knew a crusty old soldier named Captain Pankey. He was rich and one of the most cross-grained men that ever lived. After the war he took it into his head to run for justice of the peace.

As he was totally without judicial temperament and did not need the office his friends were greatly astonished. At last one of them plucked up courage enough to ask him why he desired it. The grim and grizzled warrior replied, "Because, by the Lord

Harry, sir, I want an opportunity to express my opinion!" [Laughter.]

For the same reason that Captain Pankey ran for justice of the peace I am making this speech. I want an opportunity to express my opinion [laughter] on the pension question, and while I am at it I will state the Democratic position on that subject—which is my position—and which is also the just, the common-sense, the patriotic position.

For the distinguished gentleman from Virginia [Mr. JONES] personally I have the highest regard; but there are 25 or 30, perhaps 50, of his Democratic brethren in this House who went down to defeat in the "melancholy days of November" [laughter] by reason of the speeches of himself and two or three other extreme Democrats here. [Great laughter.] And it creates a great weariness in one's system to hear that unceasing flow of oratory. [Laughter.]

The gentlemen who fight all pensions do not voice the Democratic sentiment of the country. Democrats are not opposed to all pensions. They are opposed to fraudulent pensions. The Democratic and patriotic position is this:

Every man who still suffers from wounds inflicted or from incurable disease contracted in the service of his country deserves a pension. The widows and orphans of men who died for their country are entitled to pensions. None others are. This applies not only to the civil war, but to all other wars.

In a country which is opposed to a large standing army and which depends on volunteer soldiers to do its fighting, it is absolutely necessary to have an honest, generous system of pensions. Otherwise men will not leave their homes, their wives, their little children, and their dependent parents to go to war.

On these principles the great body of Democrats, North and South, are fully agreed.

They are also agreed on fighting bogus claims. Nobody will go further on that line than myself.

I think it nothing but fair to say that many Republicans occupy about the same position.

Certainly it ought to be stated that the bulk of the Southern Democrats, particularly the old Confederate soldiers, are not opposed to reasonable pensions for honest claimants.

But unfortunately there are a few extremists among the Southern Democratic Representatives on this floor who constantly injure the party and place Democrats in a false light by opposing all pension claims—good, bad, and indifferent—and by making violent speeches, thereby doing great damage to their Democratic colleagues who live in the border and Northern States. There are only a few such Democrats here, but the trouble is that the Republican orators and newspapers represent them as expressing the sentiments and policy of Democrats for the purpose of riding into place and power. To these extremists conservative Democrats say, "We are done with you!"

It is all right for any man to fight a pension claim which he deems fraudulent or unworthy; but to tie up all pension legislation is not to be justified on any grounds of reason, patriotism, or party policy. To kill a bad bill is a good thing, but to block all legislation here night after night by raising the point of "no quorum" is like stabbing people in the back. Those of us who represent districts full of soldiers of the war of 1812, the Indian wars, the Mexican war, and the civil war, with their widows and orphans, are sick and tired of these obstructive tactics. [Applause.]

To discharge my duty generally, but especially to secure pensions for two old widows—one the widow of a soldier of both the war of 1812 and the Black Hawk war, and the other the widow of a soldier of the Mexican war—old women, poor women, feeble women—I attended every Friday night session for eleven months before I could get them through.

After all, fighting these pensions bills here means only stopping the spigot while the bung is wide open at the Pension Office.

On pension matters Congress sits as a court of equity to relieve the hardships worked in particular cases by general laws.

On the other hand there are Republican extremists who would pension every soldier who served in the Union armies, whether he was wounded, contracted disease, or smelled gunpowder in the late war or not. I have no sympathy with them or their ideas. But between them and the gentleman from Virginia and his co-laborers there lies the sound, reasonable, and tenable line of conduct which ought to be pursued by all lovers of their country. Between these two extremes sensible and patriotic men plant themselves, proposing to do right as they see the right.

As to this claim of Gen. John A. McClelland, he is as much entitled to a pension as Mrs. Grant, as Mrs. Frank Blair, as Mrs. John A. Logan, as Mrs. John M. Corse, as Mrs. Nathaniel P. Banks, and as many others who are drawing pensions. Whether the policy of granting such pensions was wise or not, is not pertinent to this discussion. General McClelland was a soldier in three wars—in the Black Hawk, Mexican, and civil wars. He is 69 years old and is in destitute circumstances. I submit that if pensions are to be granted to other officers and their widows, the

line ought not to be drawn at this brave old Democrat's claim. He can not in the very nature of things enjoy his pension long. I have seen General McClelland. I saw him preside over that magnificent convention in the City of St. Louis which nominated Samuel J. Tilden, who was elected President of the United States and who was swindled out of that great office through the cowardice of men in this House and in the other end of the Capitol.

The gentleman from Indiana [Mr. WAUGH] said something about General McClelland's being relieved of command by General Grant in front of Vicksburg. That proves nothing. A great many officers—brave, true, and capable—were relieved of command, sometimes greatly to the detriment of the service. General Grant himself, after the victories of Forts Henry and Donaldson, was superseded by Halleck. General Sherman was relieved of command and denounced as a lunatic because he declared it would require 200,000 Union soldiers to hold Kentucky. It did take more than that number, and Sherman lived to march down to the sea—the most spectacular if not the most dangerous march since Xenophon's Anabasis. General McClelland was relieved after Antietam. Meade was practically superseded in command after Gettysburg. When Thomas was fighting the battles of Franklin and Nashville, General Logan was on his way South with an order in his pocket directing him to take the place of that great soldier. Joseph E. Johnston was relieved to make way for John B. Hood.

Perhaps the trouble with McClelland was that he was a volunteer soldier.

One of the difficulties of the war was that on the Southern side Jefferson Davis, with all his great qualities, was the prince of martinets. On the other, Edwin M. Stanton, though a civilian, was as much of a martinet. Both seemed to think that a man could not be a great soldier unless he had been trained at West Point. Between them volunteer officers had a poor chance to rise to high command.

Perhaps if McClelland had had a fair show he would have proved that he was as great a soldier as Grant. Who knows?

In saying that I would not detract in the estimation of a hair from the fame of General Grant.

At any rate, General McClelland offered himself as a sacrifice on the altar of his country in three wars. "Greater love hath no man than this, that a man lay down his life for his friends."

Military genius is a very uncertain quantity. One of the most successful soldiers that ever lived apparently had little faith in it. One day at a dinner party a lady asked the Duke of Wellington to describe the battle of Waterloo. The conqueror of Napoleon replied: "We pounded the French. The French pounded us. We outpounded them." [Laughter.] Grant was the only man in the Federal Army who ever had any true conception of what the war really was. [Laughter.] His idea was to swap off about five Federal soldiers and a thousand Federal dollars against one soldier and one dollar in the Confederacy, and pound them out of existence. That he was correct in his theory there can be no question. That he succeeded is a matter of history. That he relieved McClelland is true. But that does not prove that McClelland was not a brave soldier.

THE AMERICAN VOLUNTEER SOLDIER.

I speak for the generation which was too young to participate in our great civil war. I will tell you how we regard it. We look upon it as the bloodiest and most heroic chapter in the annals of the human race. The brave men who fought in that titanic struggle on both sides like heroes for what they thought was right we are proud to claim as countrymen.

When I reflect upon the civil wars in England, my judgment is with the stern Roundheads who charged with the mighty Oliver at Naseby, Marston Moor, and Dunbar, shouting "God with us!" But my sentimentality is stirred by reading of the chivalric deeds of the gallant knights who rallied round the silken banner of Prince Rupert and the King.

He is a strange American who does not admire the heroic men who through three days of awful carnage stood faithfully by George H. Thomas, "the Rock of Chickamauga." He is a stranger American yet whose heart does not beat faster as he reads of Pickett's splendid charge and how he led the flower of the Virginia youth to crimson glory up the slippery slopes of Gettysburg.

I pity the man who can find nothing good in the colossal character of Abraham Lincoln, and the man who discovers nothing to admire in the glorious career of Robert E. Lee, who was fit to have sat at the head of King Arthur's Round Table.

The American volunteer is the finest soldier that ever went to battle—I do not care which uniform he wore.

They were American soldiers all. As such I hail them; as such I will teach my children to cherish them.

The noble men who perished in that fratricidal contest, both Federal and Confederate, died for what they conceived to be their duty; for no man is willing to sacrifice his life for what he thinks is wrong.

Of such as they Theodore O'Hara, Kentucky's soldier-poet, hath beautifully said:

On Fame's eternal camping ground
Their silent tents are spread;
And Glory guards with solemn round
The bivouac of the dead.

[Applause.]

Finance and Currency.

SPEECH

OF

HON. T. J. HUDSON,

OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 5, 1895.

On the bill (H. R. 5795) to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. HUDSON said:

Mr. SPEAKER: By way of introduction to my remarks on this occasion, I desire to quote from Victor Hugo's introduction to his story of Jean Valjean:

As long as there shall exist, as a consequence of laws and customs, a social damnation artificially creating hells in the midst of civilization, and complicating the destiny which is divine with a fatality that is human; as long as the three problems of the age—the degradation of man by the proletariat, the ruin of women by hunger, the atrophy of the child by night—are not solved; as long as in certain regions social asphyxia shall be possible; in other terms, and from a still more extended point of view, as long as there shall be on the earth ignorance and wretchedness, books of the nature of this one can not be useless.

Mr. Speaker, I have read patiently the opinions of various bankers and theoretical financiers called before the Committee on Banking and Currency, including the Secretary of the Treasury and the Comptroller of the Currency. All criticize the present condition—consequently the national-bank law—sharply. Nearly all of them oppose the further issue of money—Treasury notes or greenbacks—by the Government. Most oppose the further coinage of silver, and all agree that our financial condition is unfortunate if not dangerous. No two of these doctors agree as to the remedy. The pending bill has changed so often that it has been almost impossible to keep up with its ever-changing provisions. It is vividly evident that the authors of the bill are groping in an unknown field. It is equally evident that the bankers who have been consulted and who have voluntarily written concerning the situation and remedies are floundering in a quagmire.

Able gentlemen have talked on this floor. The distinguished gentleman from New York City, himself wealthy and the representative of bankers, has waked the echoes with his eloquence and wit, but has suggested no new remedy. The painstaking and always instructive ex-governor of Maine has elaborated, but offers no remedy. All want no more silver, because Europe does not want it. They all want our credit maintained abroad; they all practically agree on a gold standard; and yet all are compelled to admit that its maintenance for a much longer period is wholly impracticable and if continued must lead to inevitable bankruptcy. Yet they all say with thrilling resonance and lofty bearing that our credit must be maintained by standing by a gold basis. Yet no one is so dull as to believe or contend that there is gold enough in the world to put the whole commercial world on a gold basis. Then why should we, the leading silver nation of the world and one of the leading debtor nations, take so active an interest in pushing the gold standard and attempting an impossibility, bankrupting ourselves in an effort to maintain a gold storehouse where gold speculators can always come for a fresh supply of gold?

If I understand the gentlemen from Maine and New York correctly, the only remedy they offer is the same cry that we heard when the repeal of the so-called "Sherman silver-purchasing clause" was before the country—"a restoration of confidence;" and, if I have read the bankers correctly, that is the sum of their contention. Most of these gentlemen made the same argument when we were considering the repeal of the silver-purchasing act. A majority of Congress yielded to their persuasive eloquence and the repeal was had, but our financial trouble did not abate a particle. What these gentlemen are contending for is that we shall restore "confidence" so we may borrow from Europe. Their remedy is to borrow. Yet it is the disease we most suffer from; it is the foundation of all our troubles; it is the sole cause of the drain of gold.

CREDITORS' DEMANDS.

It was our creditors who demanded the demonetization of silver; who secured the strengthening-credit act; who demanded the re-

sumption act; who demanded the retirement of noninterest-bearing money or currency and the issue of interest bonds; who demanded the national-bank law; who demanded the change of the form of debt from one that was payable in paper, such as the soldier and producer got for services and food during the war, to a coin debt, and from a coin debt, which meant payment in gold or silver, to a gold debt. It was the same class who demanded and still demand a gold reserve of \$100,000,000 for holders and presenters of greenbacks; who secured the Secretary of the Treasury to adopt the precedent, which has been religiously followed, of paying both greenbacks and Treasury notes with gold.

It was our creditors who forced the repeal of the silver-purchasing act, that demanded the issue of bonds last year to replenish the golden fountain at which they alone drank, that demand that the Government shall go out of "moneycoining," shall stop competition with capital and relegate the currency question to rich corporations and a few speculators in confidence, with the Government to stand godfather to this stupendous monopoly plan. It is our creditors that coin the catching, shallow-sounding words: "Maintain your credit at all hazards; what matters the effect upon the toiling millions who never see gold and frequently need bread and clothing." Yes, gentlemen, your remedy is to restore "confidence." Get in shape to plunge deeper into debt, so that those who come after us must repudiate or reorganize, as our railroad friends term it.

Gentlemen, you can not be serious when you advise restoring "confidence" for the purpose of borrowing abroad. As honest legislators and statesmen, you can not afford to advise the American people to adopt such a plan. Then why talk so much about the restoration of "confidence." No true American has lost confidence in this Government, but we have all lost confidence in the power of this Government to maintain a gold standard and prosperity at the same time.

Let us dispose of foreign creditors. If we have, as Mr. COCKRAN suggests, a "plethora of money" let those who have it buy our foreign-held securities. Do not give them more profitable home bonds, which the people must pay with interest; let them invest in our standing securities which it is claimed that our financial stress is reducing the price of; let prices go down; let securities get on a level with wages and products. Debts should come down in exact proportion with products and wages. Do not howl "repudiation" now. I say "howl" because it has become fashionable in some quarters to howl when any proposition is made which seeks to do justice by placing debtor and creditor on equal terms. Let us pay every debt we owe on strictly equitable principles, dealing in a broad, in a wise and just manner.

WHAT IS GOOD FAITH?

While maintaining the highest good faith with our foreign creditors, let us first look to our internal interests, the interests and wants of our home people. I have no use for the Government which looks after the interests of foreigners before it looks after the welfare of the people governed, the people who make it. Let us look first to the wants of the American laborers, treating all alike, considering the interests of all alike; let us build up a prosperous, happy people. Let us legislate for the home of the American. Let us so secure the hearts and build up the intelligence and comfort of our people that all the world shall say look at America, the greatest, the freest, and the best Government on earth, that the angels shall sing anew "Peace on earth and good will to men." To do this we need only to return to the use of both gold and silver for coin; by restoring free coinage of silver and issuing all needed paper money by the General Government and bring the circulating medium up to the needs of the people, to be determined by the people, not by incompetent and irresponsible speculators. Let this Congress do its duty as patriots and not dodge or evade like partisans.

POLITICIANS ARE NOT STATESMEN.

We have many politicians and few statesmen; many learned men and few wise; many shrewd and few honest; many sycophants and but few who have the courage of their convictions.

An independent thinker in popular parlance—is a "crank." A man who honestly labors for the betterment of mankind is a demagogue; a freak; one who dares lift his voice for the poor, the down-trodden, the helpless, is a "nobody" trying to work himself into notoriety.

The popular so-called statesmen of to-day, the men who are puffed and praised by the supple tools of the press and by loud-mouthed, little-brained, and heartless stump orators, are the rich, or men who fawn upon the rich, the attorneys, agents, and tools of combines and monopolies. Able, of course, they are; money commands talent, plausible certainly. Their position, their pay, depends upon their ability to ridicule, to belittle, and deceive.

PARTY PREJUDICE.

Prejudice is a most fruitful soil; old party, blind sentiment, sectional hatred, are the seeds always sown by our modern old-party leaders. To them success, political ascendancy, is every-

thing. The real interests of the masses are absolutely nothing save as an incident of prolongation of power and place.

I disclaim any pretense of superior learning or wisdom; I do claim, however, an honest wish and intent to stand up for the laboring and producing people, for the suffering and needy, and declare myself now as ever ready to join hands with any party that will bring forward measures looking to that end. It is impossible to defend injustice for a long period in a free government, no matter how many honorable names may be connected with it, or how much of an outcry of honesty of purpose may be raised to support it. The apparently successful defenders of robbery have always appealed to prejudice, to ridicule, and, last but not least, to sound.

Logic and honest reasoning are never appealed to by those who seek to mislead. The American people are rapidly arriving at that degree of intelligence which lifts them above the lead of a demagogue. They are day by day learning that the metropolitan press is not fair or reliable—with a few honorable exceptions. The elementary principles of free governments are "The greatest benefit to the greatest number."

The deductions I arrive at from this statement are that all laws should protect the weak and expand their comforts and enlarge their intelligence. If we give a special privilege to a class, it is a self-evident fact that someone must be taxed to pay for the privilege. If we give a special advantage to capital, we do it at the expense of labor; if our Government confers gifts, riches, on a few, intelligence expects the masses of the people to pay for it. All payments are primarily drawn from labor; therefore labor must pay for all special privileges.

These are self-evident truths.

EQUALITY.

I want to place the Government, the entire people, beyond the control of banks and money speculators. I want the people to say how much and what kind of money they want. I want the people of this Government to be independent—absolutely independent of syndicates and combines. I want the bankers and borrowers to stand on the same legal floor. I want it made impossible for any combination or set of men to put up or put down the price of money, to contract or expand the circulation. I want uniform prices, I want uniform interest, a staple condition and that condition healthy and upward. I want money enough put in circulation to give every man and woman in this broad land employment at good liberal wages. I want to abolish tramps by placing every community in the position to say to the man or woman who asks for food, "Here is work for you at good wages—earn your bread." Everyone knows that enough money fairly distributed will bring such a condition.

GOOD MONEY.

The most idolatrous partisan on this floor or elsewhere in this Union will, without the slightest hesitation, admit that the only unqualified good money is the money which has this Government behind it. Greenbacks would be on a par with gold to-day had the resumption act never been passed or one dollar of them been retired or destroyed, and would have been so any time after 1870 had the exception clause been stricken out.

National-bank money was good and acceptable as money because the Government stood behind it. The national banker was taken into partnership with the Government and given a special privilege. What for—for the benefit of the people? Oh, no, national-bank currency never was better than greenbacks. The national-bank system was the child of the money speculators—created for their special benefit. It converted our noninterest-bearing greenbacks into an inferior currency based upon interest-bearing bonds. Is there a sane man to-day so dull as to really believe that the change helped the American people? Impossible. The national-bank act retired the greenbacks, which cost the people nothing, and gave the blackbacks instead, at a cost to the American people of every dollar of interest which has been paid on bonds deposited for the security of national-bank issue, which I am informed amounts in the aggregate to about \$2,582,104,225, which the American people have unjustly paid to a favored few. And now it is conceded on every hand that this expensive system is a failure and can not stand, but must with all its golden gilding be allowed to tumble and decay.

This good Santa Claus Government of ours has been wonderfully generous to a few who could hang their stockings on the national-bank law "Christmas tree." But, like all other Santa Claus gifts, someone must pay for this bounty, and in this instance, as in nearly all others, it is the toilers, the producers.

I want legislation that will emancipate the toilers and producers from these unjust burdens, from this unequal race. I want this Government, the people, to issue, coin, and create their own money; to say when we have enough and have not. Do you tell me the people can not be trusted and that Congress can not be trusted? Then you attack free government and repudiate the Constitution. The people either do or do not rule in this coun-

try; they must be trusted or denied equality. I am for the Constitution, for the people. Do you tell us that a few bankers, a few speculators, and capitalists understand this question better than the people?

I deny it, and I call attention to the fact that at the hearing before the Banking Committee no two bankers or false "political economists" agreed upon a scheme or plan. The lights and shades of that investigation are more bewildering than the colors of a woodland in October. The fact is, the so-called economists know nothing except what would be to their benefit. The people have no place in their calculation except at the pay counter. Do you tell me that these men are more honest, more reliable than the people, than Congress? We beg your pardon. For a quarter of a century we have been told that while the national-bank system was expensive it was the best on earth; it was the bankers' own system. Now it is a confessed failure. Have not these same bankers made constant drafts on our gold reserves, compelling the issue of more interest-bearing bonds for the people to pay? Have they ever raided Congress for the purpose of urging consideration of the question of how to lighten the people's burdens? Many meetings can be recounted at which the consideration of their own special benefit was discussed, which infallibly means a tax on labor. Have they not in every panic, the last of which they precipitated, fought like wild beasts for the advantage, carrying down to ruin not only the weaker bankers but millions of toilers?

Are they more honest than railroad corporations, railroad presidents and managers? The latter come to this Congress, which we are told can not be trusted, and ask for legislation against their own avowed rascality and underhand tricks. This House passed the "pooling bill," which I am forced to confess is some evidence that Congress can not be trusted to resist the demands of corporations.

PHILOSOPHY OF MONEY.

Money material which has a commodity value equal or nearly equal to its money value must of necessity be sensitive, cowardly, and unreliable; always most so when most needed. During financial troubles, business depression, internal disturbances, or war, domestic or foreign, it will hide, run away, disappear through hundreds of channels and agencies, and at such times the country must of necessity find a substitute, which entails great loss and produces dissatisfaction among the people. This is always a source of danger to a people in a great struggle, which should be avoided, and times of peace and aggregate prosperity are the opportunities of statesmen and patriots to prepare for such ever-recurring incidents and disasters.

MONEY SHOULD BE BASED ON WEALTH AND PATRIOTISM.

The money circulation of the country should be based upon the wealth, patriotism, and stability of the Government, and should be sufficient to meet the necessities of the whole population. I grant you it might be enlarged too much, so that an overflow would result. There is, however, not so much danger of an overflow as there is of scarcity—drought. The people of the world have suffered a thousand times for want of a measure of exchange to where they have suffered once because of too much and too cheap a medium.

There is no other way of determining how much money shall be issued and of what substance money shall be made except by an act of Congress. Congress alone must fix the legal-tender quality of the thing to be called money. All other currency, be it gold, silver, paper, or what not, is simply currency by courtesy and subject to the whims and caprices of ever-changing circumstances and the omnivorous rapacity of human greed. The Constitution of the United States provides that Congress shall coin money and regulate the value thereof. It also provides that no State shall make anything legal tender except gold and silver, and it is plainly by inference left to Congress to determine what shall be legal tender without limiting the power of Congress as to the material out of which the legal-tender money shall be coined or made. We are not left groping in the dark as to the meaning of the Constitution upon this point, as the Supreme Court of the United States has definitely and completely settled that question, and a re-thrash of the old straw, "that Congress has no such power," would be worse than idleness.

STANDING BY OUR CONTRACTS.

Should a Government do better than it contracted? If so, how much better? Should it leave that question to be determined by its creditors? If the Government changed the nature of its contracts, so as to greatly increase the burdens of the masses, and by so doing benefit only its creditors, and private creditors, when the fact was made apparent to the world, to even the ignorant and stupid, should not the Government in justice to the masses hasten to retrace its unjust steps, hasten to undo the wrong?

England adopted a gold standard because as conditions then existed in Europe and England silver was at a premium and gold at a discount; hence silver was leaving England and gold coming

in. Gold was plentiful and silver scarce. When France adopted the silver standard, she did so because at the ratio of 15½ gold was scarce and silver became plentiful.

They each from pure business motives, selfish if you like, adopted the standard that best suited their purposes and the interest of their people. Not so with the United States. We adopted a standard to please our foreign creditors to the detriment of our home people. We take the metal which we produce the least of, we slap our silver miners in the face, we say to them: "Go your way; we prefer the company of the foreign security holder, we propose to legislate for the foreigner and his agents. This is an American Government for revenue for jobbers, but when it comes to keeping faith it is a foreign government." It stalks right over the supplicating American workman, his wife and children, over the prostrate debtor; crushes, destroys, wipes out millions of homes to maintain a credit abroad that it has no need of, that deserted it in its hour of need and ever will. It does this to build up a false Utopian credit—a gold credit converting our foreign obligations into gold obligations, when in fact not one dollar in a thousand was loaned in gold.

It has all been done by Congress and our supple Treasurer. At whose bidding—that of our people? No; of our creditors and their paid agents. I protest against this monstrous injustice in the name of an outraged people; I protest against it in the name of humanity; I protest against it in the name of the men who took up arms in civil war on both sides of Mason and Dixon's line; I protest against it in the name of the noble women, who, like the good Samaritan of old, cared for and nursed the sick and wounded, on either side, regardless of their sympathies; I protest that they should have to pay double and treble burdens, which has been so mercilessly and basely saddled upon them. I protest, sir, in the name of the generations to come, of the millions whose tiny feet have not yet touched the sands of time.

CAN PRESENT CONDITIONS CONTINUE?

Let my cultured friends walk a mile from this Capitol building, on the banks of the Anacostia and the old canal, between the Navy-Yard and Arsenal, and look upon the humanity which dwells there. It will do you and them good. Behold the filth, squalor, poverty, and misery of that neighborhood, mostly colored, I grant you, still humanity. Has Congress, has the Government been run in the interest of those people; are their rights or interest considered? Think you that you have done your whole duty by these people when you freed them? Oh, no; you only began a grand work, the first step. If you stop here, do you expect these people to become good, loyal, patriotic citizens? Why, what do they owe this Government? The right to exist? No; they owe that to the Almighty. Why should they love the flag? Why should they revere this Congress, the lawmaking power of the land? We are accustomed to look at Uncle Sam as a very dear relative who devotes his energies to looking after our needs and interest; devoting his whole time and power for the people. Are we right? Or is it a fiction that we teach our children which they must unlearn in after years?

There are 100,000 people in this city, the capital city of this nation (oh, how proud we are both of this city and nation), merely vegetating, grinding out a miserable existence, honestly when they can, through crime when they must. Do you think of them when you legislate? Have their wants weight here? Have the woes of half-starved mothers and gaunt, half-famished, half-clad children voices here? Have such people any power or lot in this splendid Government? Have any of them been sent for by the Committee on Banking and Currency? Has the Committee on Ways and Means given them a hearing? If not, why not? Has their class been mentioned in either committee. Certainly no reference has been made to it in any of the published hearings. Do you expect this condition to go on forever? Can you hope for it? Can these people wish it? Are they of no importance, not worthy of consideration? No age or people or nation can foster misery, ignorance, and want—the fruitful parents of crime—without paying the penalty. These people's wrongs smell to heaven, and a fearful day of reckoning must come as surely as the night follows the day.

Methinks I hear some veneered statesman or some echoing, flippant writer say, "It is not the business of this Government to furnish brains." Opponents of the free-school system have worn that parenthetical smartness threadbare. It is not the business of this Government to furnish air, water, land, blood, and brains, but it is the business of the Government to see that the supply is kept pure, that neither is poisoned, corrupted, or injured, and that conditions that surround each and all are equally favorable, and the best for the masses. If we do not furnish means of education ignorance will prevail. If we do not see to it that there is sufficient money, millions must go unemployed—the unemployed poor must beg, starve, or become criminal and vicious, and we are the cause and must answer to God and man. Go read that masterpiece of human philosophy, that greatest of all written dramas,

"Les Miserables," by Victor Hugo, and learn a broader humanity. Walk forth into the sunshine of its grandeur, a new creature ready for the lesson of the Divine teacher, "Love thy neighbor as thyself," and "Whatsoever ye would that others should do unto you, do you even so to them."

RESTORE THE COINAGE LAWS.

Restore the coinage laws in operation before 1873, give us the white metal, the silver our miners in the West dig out of the earth, which is eagerly sought by the agriculturist and laborer, who in turn provide themselves with the comforts of life. Silver has never been repudiated, save by the bankers, who desired to kill it as a money metal. They can not control silver money if we have free coinage, but they can control when we have only gold as standard money.

Commerce has set the mark of selfishness, the signet of all enslaving power, upon a shining ore, and called it gold.—*Shelley*.

A treatise on political economy by the great French economist, Count Destutt de Tracy, published at Georgetown, D. C., in 1818, so profoundly impressed Thomas Jefferson that he made a translation from the French to the English, and in submitting it to his publisher in a letter dated Monticello, October 25, 1818, says, in part:

The merit of this work will, I hope, place it in the hands of every reader in our country. By diffusing sound principles of political economy it will protect the public industry from the parasite institutions now consuming it and lead us to that just and regular distribution of the public burdens from which we have sometimes strayed. It goes forth, therefore, with my hearty prayers that while the Review of Montesquien by the same author is made with us the elementary book of instruction in the principles of civil government, so the present work may be in the particular branch of political economy.

THOMAS JEFFERSON.

In this treatise M. Destutt de Tracy says:

This short explanation of the nature of money shows us, first, that there can only be one metal which can really be money, that is to say, to the value of which we refer all other values, for in every calculation there can be but one kind of unit which serves as a basis. This is silver, because it is this which is best adapted to the greatest number of subdivisions, of which there is need in exchanges. Gold is too rare, the other metals too common.

At this early period in our history the founders of our form of government foresaw the evil effects of a contraction of the currency. We want a dollar that will not appreciate in value to the detriment of labor in production; neither do we want a debased currency.

M. Destutt de Tracy further says:

It is true, however, that it is the interest of society in general that the interest on money should be low. First, because all rents paid by industrious men to capitalists are so far funds taken from the laborious class for the profit of the idle. Secondly, because when these rents are high they absorb so large a part of the profits of industrious enterprises that many become impossible. Thirdly, because the higher these rents are the greater the number of those who live without doing anything.

The position I take is that the nation's finances must be so manipulated as to free the people from great profits derived from loaning money, as under our present form of government, and what profit there is resulting from money creating should accrue to the General Government.

I do not fully agree with M. Destutt de Tracy that it is absolutely necessary to make silver the standard. Arguments have been made by very able gold advocates, as well as silver advocates, in favor of making a single standard of each of these metals; but equally able men have argued with remarkable logic and effect that a dual standard could be maintained. We are maintaining a limited dual standard now in the United States. They are maintaining a double standard now in France. Fact is always stronger and more conclusive than theory.

Montesquien, in his Spirit of Laws, says:

Money is the price of merchandise or manufactures. But how shall we fix this price; or in other words, by what piece of money is everything to be represented? If we compare the mass of gold and silver in the whole world with the quantity of merchandise therein contained, it is certain that every commodity or merchandise in particular may be compared to a certain portion of the entire mass of gold and silver. As the total of the one is the total of the other, so part of the one will be to part of the other. Let us suppose that there is only one commodity or merchandise in the world, or only one to be purchased, and that this is divisible like money; a part of this merchandise will answer to a part of the mass of gold and silver; the half of the total of the one to the half of the total of the other; the tenth, the hundredth, the thousandth part of the one to the tenth, the hundredth, the thousandth part of the other. But as that which constitutes property among mankind is not all at once in trade, and as the metals or money which are the sign of property are not all in trade at the same time, the price is fixed in the compound ratio of the total of things with the total of signs, and that of the total of things in trade with the total of signs in trade also, and as the things which are not in trade to-day may be in trade to-morrow and the signs not now in trade may enter into trade at the same time, the establishment of the price of things fundamentally depends on the proportion of the total of things to the total of signs.

I quote from this eminent student and writer because he is regarded by the learned of all countries as one of the master minds of the period in which he lived and because the principles hereinbefore stated by him clearly establish the principles I am contending for, that the Populist and people are contending for, "benefits to be derived by a larger circulating medium." I have another reason for quoting M. Destutt de Tracy and Montesquien. It is

common for the advocates of the gold standard to hunt up some old author on the subject who arrives at the same conclusions they have adopted. Horace White, in his statements made before the Committee on Banking and Currency, called to his assistance a comparatively unknown statesman as a witness in support of his (White's) theories. I have called my witness herein mentioned for the purpose of showing that men better known and men recognized as having much higher standing advise exactly in opposition to the authority quoted by Mr. White. I could also quote from ancient history and philosophers. I will call as witness an eminent Greek philosopher, Apollonius Tyaneus, translated into the English in 1680 by Charles Blount. In the work of Tyaneus entitled "Philostratus," presumed to have originally been written 2,000 years ago, we find this remarkable passage:

The third and last thing which produces a famine and scarcity of victuals is many times the ill government, wherein monopolies are suffered by which means some few rich men engross all; the rest are left to perish for want. Wherefore, above all things, care should be taken that the treasures, moneys, and manufactures of the Kingdom be not gathered into a few hands, for otherwise the state may have a great stock and yet starve; for money, like muck, is not good except it be spread. Now, this is done by suppressing, or at least keeping a straight hand over the devouring trades of usury, engrossing great pasturages, and the like.

Let us change a few terms used by the ancient Greek philosopher and we have a parallel condition in the United States to-day. That is, let us in addition to the word "monopolies" use "combinations, syndicates, and national banks," and in addition to the word "manufactures" add "jobbers and stockbrokers," and in lieu of the words "usury and pasturages" use "corporations and trusts."

TRUE STATESMANSHIP.

What a miserable and contemptible statesmanship that would make only the final payment or redemption money of a commodity that is wholly inadequate to supply the rapidly increasing business demands of the world, particularly in time of financial distress; make money of a commodity that is not only limited, but of a commodity that runs and hides when want appears or even financial unrest; that never kept faith with any people in the hour of trouble; that never at any time in the history of man formulated or sustained a bill of rights; a commodity that has ever, at all times and without exception to the rule, stood by the chariot wheels of tyranny and decorated the brow of the oppressors of humanity. Why not found our money on the nation's property and the loyalty of our citizenship? If other people do not like our money we will stay at home and do business among ourselves. When trouble comes every holder of a dollar of our money must protect that dollar by standing by the Government which makes it a dollar.

Some learned doctors say that they want an elastic currency, one that adjusts itself to our trade wants; do not want any "Populist nonsense of \$50 per capita." Will these stellar statesmen please tell a plain, earth-dwelling people what they mean by an elastic currency? Gold will not do; it is not elastic, and has always failed us in the hour of need. Who is to say what this currency shall consist of or when it should be issued? Who is this business world, or interest, mentioned so often and so glibly both here and by the press? Where is it located, and who its authorized managers; who its sponsors or bondsmen? Is it bounded by honesty and fair dealing; is it of divine or constitutional creation? Populists, like Jefferson, are so crazy and foolish as to believe that every producer constitutes a part of the business world; aye, the better part. Yes, we believe the people constitute the business world and that Congress should reflect the voice of the people, and not the voice of the few bankers, who wholly and widely disagree. The people of the United States want free coinage of silver, and have always wanted it; but were tricked out of it. The people of the United States want constitutional money, money by law of Congress. The Western and Southern farmer knows much better what he wants than any banker, and, with all due respect to the banker, is a much more important factor in the business world.

Why consult only the lender and not the borrower? Do the lenders constitute a majority? Can you have lenders without borrowers? Which class is likely to need legislation or protection? Are we seeking the greatest good of the greatest number or the greatest good to the wealthy few? If you answer as some cheap wit, "That the interest of borrower and lender are one," I say let us consult only the borrower. For the last thirty years the lenders alone have been consulted.

THE ROOT OF THE DISEASE.

Unfortunately this is essentially a jobbing age. The best human efforts are put forth for gain, for wealth, for individual preferment not in the interest of the masses? Why permit the fountain to remain polluted, poisoned; why not remove the cause of tramps, of distress, of crime and pauperism? Why administer antidotes which only give temporary relief; why not eradicate the disease? The American people to-day are suffering untold misery, drifting toward the rocks of inevitable bankruptcy for want of a broad-gauged, honest, and manly statesmanship at Washington. Twenty

years have passed without one single star appearing in the political firmament with sufficient ability to lead aright.

There are thousands hacking at the branches of evil to one who is striking at the root.—*Thoreau*.

We have year after year been told by the leaders of one party what "weaklings and scoundrels the other party produced." We have been told in every campaign what a glorious history the Republican and Democratic parties each had; and each of these parties has been tried by the American people, but without relief. Every currency measure that has passed the American Congress for twenty years, aye, for twenty-eight years, or since the war, has proved a failure, or at least only a temporary relief. The people are not consulted, only a few. The people never asked for the national bank, the demonetization of silver, nor could either of the measures have been passed if submitted to the people. The Republican party never could have maintained its power but for its eternal appeal to Northern prejudice. The Democrats never could have held the South but for hatred of the Yankee and opposition to the negro.

The Populist party, pushing aside the prejudices of the past, recalling mistakes only by way of object lessons, demands forward, progressive steps, such as will lift up the great majority, and thereby complete the grand governmental structure founded by the fathers.

There are but three classes of men—the retrograde, the stationary, and the progressive.—*Lavater*.

I have already called attention to the fact that the only remedy suggested by the bankers and supporters of this bill is to so increase our credit that we can borrow more. We are charged justly with borrowing too much; with building too rapidly under present financial conditions and theories, and yet we are told our only remedy is to borrow more.

TAKING STOCK.

Mr. Speaker, I trust it will not be considered a breach of good manners, nor yet a cranky hallucination, to invite this House and country to take stock at the beginning of 1895. How much are we in debt, not the indebtedness alone of the Government, but of the whole people; every form and kind of debt that bears interest or demands a dividend? If we are paying or if our outstanding obligations call for more interest, dividends, tax than we are producing or creating at present prices, the strain can not be endured. It requires no superior intelligence to see at once that we are drifting toward inevitable bankruptcy. Something must give way, a halt must be called; a radical remedy should be applied at once. No remedy can be effective until the extent of the trouble is known.

The following table shows the debt of the nation partially classified:

Total steam railway debt.....	\$6,000,000,000
Total stock issued (railroad).....	5,000,000,000
Total.....	11,000,000,000
Making, in round figures.....	11,000,000,000
The stock issued counts as a debt, because it demands dividends.	
Street railroads of the country.....	200,000,000
Telephone companies.....	5,000,000
Water, electric power, and gas (estimated).....	200,000,000
Other quasi public corporations.....	11,000,000
Total.....	11,416,000,000
New York Financial Review of 1890 estimates the indebtedness of the merchants at.....	5,000,000,000
Individual families.....	400,000,000
Life insurance in force.....	3,500,000,000
Benevolent associations and fraternal orders.....	6,000,000,000
Total.....	26,316,000,000
Private corporations and individuals.	
Real-estate mortgages.....	6,000,000,000
Crop liens (estimated).....	350,000,000
Chattel mortgages (estimated).....	300,000,000
National bank loans and overdrafts.....	1,986,058,280
Other banks loans and overdrafts.....	1,172,918,415
Other private debts about.....	1,101,023,265
Total.....	37,316,000,000
Public debt.	
United States (estimated).....	1,000,000,000
States.....	228,997,389
Counties.....	145,043,045
Municipalities (estimated).....	1,000,000,000
School districts (estimated).....	40,000,000
Making a grand total of.....	80,730,040,434

These statistics have all been gathered from official tables except where estimates are made, and where estimates are made have been taken from high authority upon these questions. In support of the figures I have gathered I add a table furnished by the distinguished financier and statesman, Hon. Joseph H. Walker, of Massachusetts. This table was submitted by him on March 23,

1892, in his discussion on the "Free coinage of silver" at that date:

Census of 1890: Assets of the country, real and personal property.....	\$25,000,000,000
Secretary of Treasury:	
Gold and silver coin.....	1,500,000,000
Total.....	26,500,000,000
National debt less cash in Treasury.....	832,000,000
Census of 1890:	
State debt less sinking fund.....	223,000,000
County debt less sinking fund.....	142,000,000
Town and city debt less sinking fund.....	470,000,000
Porter: School district debt.....	38,000,000
Poor's Manual, railroad indebtedness:	
Funded debt.....	5,106,000,000
Unfunded debt.....	376,000,000
Current debt.....	271,000,000
New York Financial Review, 1890:	
Miscellaneous stocks and bonds.....	1,882,000,000
Farm mortgages.....	1,000,000,000
Town and city homes.....	1,500,000,000
Town and city property (not homes).....	3,500,000,000
Estimated debts of merchants.....	5,000,000,000
Debts of individuals and families.....	400,000,000
Comptroller of the Currency:	
Deposits in mutual savings banks.....	1,402,000,000
Deposits in stock savings banks.....	252,000,000
Deposits in private savings banks.....	95,000,000
Deposits in loan and trust companies.....	368,000,000
National banks.....	1,588,000,000
State banks.....	657,000,000
New York Daily Commercial Bulletin:	
Annual fire insurance losses, \$125,000,000; life of policy, three years.....	375,000,000
Marine insurance.....	50,000,000
Life insurance in force.....	3,543,000,000
Industrial business insurance.....	313,000,000
Benevolent associations and fraternal orders.....	6,000,000,000
Interindebtedness in the country.....	32,988,000,000

Of this total indebtedness there can be but little doubt that \$10,000,000,000 is held abroad commanding tribute from the American people. I estimate that our aggregate indebtedness demands at least 5 per cent per annum. At that rate there is paid in interest alone by the people of the United States \$2,388,802,426. This amount, too, is wrung from a people who are suffering incalculable loss year after year by falling prices. It is true the figures are appalling, equally certain that they are true.

'Tis true, 'tis pity;
And pity 'tis 'tis true.

What have we to offset this burden? Where is the money to come from? Our narrow policy has limited our foreign trade except in such things as we must buy abroad, most of which we now pay cash for. So that General Hepburn well said the other day, "No well-informed man can believe that the balance of trade is in our favor." So that to be honest we might as well wipe the balance of trade theory out of the calculation. Then, what have we to pay this annual burden with?

Our foreign debt is estimated at \$10,000,000,000, which at 6 per cent makes \$600,000,000 tribute per annum, or at 4 per cent, if you think 6 per cent too high, we have \$400,000,000 annually. How do you propose to raise this, and how decrease it? I want a fair, honest answer to this question. The American people want a straightforward answer. It will not satisfy honest inquirers for you to answer by calling names. The cry of Anarchist-crank, wild-eyed, long-haired, hayseed Populist is neither honest nor logical, and is resorted to only by bigots and fools.

My learned doctors, we come to you with a plain mathematical problem, and we want no evasion, no quibbling, no turning and twisting. We demand a straightforward answer. If you can not answer stand aside and let those who have consulted the people and have their interests at heart try it.

Free silver will give us directly \$100,000,000 annually for a number of years to come, that added to our gold products makes \$132,000,000 annually. This \$100,000,000 annually added to our currency, debt-paying money, would so stimulate industry that all would find employment, and the burden, which is extensive, of maintaining a large nonproducing population would at once be lifted from our shoulders. It would further increase our farm, mine, and manufactured products, so as to give us a fair balance of foreign trade in our favor. It would enable our home people to buy our foreign-held securities, so that our internal exchanges of home commodities would lighten our home burdens and enable the debtors to pay their debts to the bankers and stockdealers, so that our stockdealers and bankers can buy in at a fair business profit our foreign-held stocks and securities. A permanent season of prosperity could reasonably be expected and a gradual contraction of debts brought about.

If any man has any better plan to offer let him bring it forward. Do not try longer to deceive the people by saying that the "Republican party is the party of development of patriots;" that story has been repeated so often that some babes and office-seekers actually seem to believe it. Do not my Democratic friends say that Jackson and Jefferson were Democrats, and that you are in favor of

returning to the principles taught by these men, while you in fact drift toward the very shoals you point out as dangerous. No bank or bankers will engage in the banking business unless it is profitable, and no one expects them to do it for accommodation or for pleasure. If the business is profitable, why not do the business in the name of the people and save the profit to the people?

I have read all the proposed plans, and the one that strikes me as most just and reasonable, and which I propose to submit to this House as a substitute for the pending measure, is substantially taken from the plan submitted by Banker St. John, a modification and enlargement of the Bland silver bill, a composite of the growth of the best and most unselfish thought of the age.

The measure I propose is as follows:

A bill (H. R. 8495) to restore the bimetallic coinage system of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That upon the terms and conditions and charges prescribed by law for the like deposits of gold, owners of silver not too base for the operations of the mint may deposit the same, in amounts of not less value than \$100, at any mint of the United States and receive therefor silver dollars containing each 412½ grains troy of standard silver.

SEC. 2. That the standard silver dollars of the United States are hereby required to be received for all dues to the United States, and are made receivable and payable for all dues and debts, public and private, within the United States.

SEC. 3. That depositors of gold and depositors of silver, as aforesaid, at any mint of the United States, shall receive therefor on their request, instead of the coin to which they shall be entitled, coin certificates of the United States, which shall be redeemed on demand in coin: *Provided, always,* That certificates for deposit of silver shall not exceed \$10 in denomination. And depositors of gold coin and of silver coin, other than subsidiary coins, at the Treasury or any subtreasury of the United States, in sums of not less than \$50, may receive the herein-provided coin certificates therefor. And no gold certificates and no silver certificates and no Treasury notes authorized by act of July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," shall hereafter be issued.

SEC. 4. That the herein-provided coin certificates shall be redeemed in gold or silver coin, at the convenience of the United States; and the Secretary of the Treasury is hereby authorized, in his discretion, to redeem the same on request in gold or silver standard bars, at the like convenience of the United States.

SEC. 5. That the Secretary of the Treasury is hereby required to reserve on hand, in coin and standard bars at their coin value, an aggregate sum of gold and silver equal to the aggregate sum of the herein-provided certificates outstanding, except as hereinafter provided.

SEC. 6. That the Secretary of the Treasury is hereby authorized, in his discretion and under regulations which he may prescribe, to direct the Treasurer of the United States, from time to time, to receive, at the Treasury or any subtreasury of the United States, interest-bearing bonds of the United States, duly hypothecated to the Treasurer, and issue therefor safe amounts of the herein-provided coin certificates as loans at interest. The rate of interest to be required on such loans of coin certificates shall be in every case the same as the rate of interest payable by the United States on the bonds hypothecated therefor: *Provided, always,* That the aggregate sum of coin certificates issued for deposits of interest-bearing bonds of the United States shall not reduce the aggregate sum of coin and standard bars reserved for the redemption of coin certificates below 60 per cent of the aggregate sum of all coin certificates outstanding.

SEC. 7. That the coin certificates provided for in this act shall be received for all dues to the United States, and shall be receivable and payable for all dues and debts, public and private, except where preexisting debts expressly provide otherwise.

SEC. 8. That it shall be the duty of the Secretary of the Treasury of the United States to so carry out the provisions of this act as to diffuse the circulation of silver and coin notes as to keep them in general circulation, and prevent the use of the same as a vehicle with which to draw gold out of the Treasury of the United States.

SEC. 9. That all silver bullion now held in the Treasury of the United States in excess of outstanding silver certificates at coin value, commonly denominated the seigniorage, shall, by direction of the Secretary of the Treasury, be coined and used in payment of current expenses of the Government.

Mr. Speaker, this bill explains itself. Is it not expected that something should be done by this Congress to relieve the present strain and distress of the country? In my humble judgment this bill will go further in that direction than any other proposed measure—certainly further than the bill proposed by the Secretary of the Treasury, or any proposed substitute therefor heretofore offered. The attention of this Congress and American people is invited to the consideration of two diametrically opposed propositions. One is, "Demanding a gold standard, and that the Government of the United States should be deprived of the money-creating function, and further insists that the currency of the country should be farmed out to a few bankers;" the other, "Demanding that we return to the bimetallic coinage system and the creation of all money by the Government of the United States; all of which shall be full legal-tender money."

I confess to a radical leaning toward the latter school, as my discussion indicates. Some of my greenback friends will take issue with me because I have not gone far enough in the proposed bill. Had I power to secure the legislation that this country needs I might have well proposed even a broader measure than is contained in the bill introduced by me. It will not do for a man occupying the position of a lawmaker for 70,000,000 of people to stand upon a pedestal too far removed from public sentiment and wishes of the country. Having regard for my obligation as a Representative in Congress, I introduce this measure, trusting that it is conservative enough and clear enough to be understood and appreciated by every loyal American citizen. Our friends in the West and South who want to go further must remember that our friends in the East are opposed to going as far as this bill proposes.

Mr. Speaker, I have called attention to the difference between England and France on one side and the United States on the other with reference to the adoption of metal standard for money. The first two adopted that metal which they could most easily obtain the largest quantity of at the lowest figures. The United States adopted the metal which she produces the least of and which must cost her the most. The following table shows the increase of silver and the decrease of gold for the eight years preceding the demonetization of silver:

Year.	Gold.	Silver.
1866	\$53,500,000	\$10,000,000
1867	51,725,000	13,500,000
1868	48,000,000	12,000,000
1869	49,500,000	12,000,000
1870	50,000,000	16,000,000
1871	43,500,000	23,000,000
1872	36,000,000	28,750,000
1873	36,000,000	35,750,000

The following table shows the decrease in gold and the increase in silver following the adoption of a gold standard by the Secretary of the Treasury from the year 1876 to 1885, inclusive:

Year.	Gold.	Silver.
1876	\$20,900,000	\$38,800,000
1877	46,900,000	39,800,000
1878	51,200,000	45,200,000
1879	38,900,000	40,800,000
1880	36,000,000	36,200,000
1881	34,700,000	43,000,000
1882	32,500,000	46,800,000
1883	30,000,000	46,200,000
1884	30,800,000	48,800,000
1885	31,800,000	51,000,000

I am constrained to say that it is fair to conclude, yes, a logical deduction, that the national-bank law, the resumption act, and the \$100,000,000 gold-reserve acts were each and all but part of a plan to strike down the greenbacks; to destroy by indirect methods money that was popular with the people; a money that did not cost the people a dollar interest, a money that would save bonds, save interest; a money that no one doubts. It would not do to go before the people and say we mean to destroy the greenbacks; that announcement would kill the party that made it. The last step was to make them a vehicle to draw gold at will from the United States Treasury, and then compel the Government to issue bonds for the purchase of gold; so that the American people rather than have the greenbacks used as an excuse for the issuing of interest-bearing bonds would consent to their destruction and yield their convictions, that money made by the Government was the best and safest money, and finally consenting to the Government going out of the money-creating business and relegating that function and duty of the Government to the banks.

It will be noticed that all the bankers oppose silver, as I have stated, except one noble exception (Mr. St. John); that they all oppose State banks that would, though vicious, make the State less dependent on the concentrated and combined capital of our great cities; that would allow State legislatures to pass laws favoring the States, which experience has established as unreliable and baneful, but, in my judgment, vastly preferable to the bankers and Treasurer's plans. If I am called upon to vote as between the plan suggested here and the State-bank system, I shall not hesitate to vote for the "wild-cat banks." Because that will enable each State to provide for its own banking system and destroy the dangerous and tyrannical schemes of combined capital.

I have already referred to the fact that this Government now occupies the most dangerous and anomalous position of any Government on earth in its mad effort to maintain a gold standard, and in proof of what I say, I want to call attention to the speech delivered on the floor of this House on January 8 by Mr. HENDRIX of New York, himself a national banker and gold advocate:

I believe that it is a reasonably fair statement of fact, that with large revenues, an ample reserve, and a generally healthy financial condition, that through a very long period a strong, resourceful Government like this can maintain, without any question at all, a very large body of its own simple promises to pay in the currency of the country. The best proof that it can do it is that it has done it.

Now, can any government hope to escape bankruptcy which has out two such gold carriers as the United States note and the Treasury note? Mr. Chairman, we have got the freest gold deposit in this country that there is on the face of the earth. When anybody anywhere wants gold, the easiest place to get it is the Treasury of the United States. The Bank of England shelters the Government of Great Britain, the Bank of France shelters the Government of France, the Reichs Bank of Germany shelters the Government of Germany, the Imperial Bank of Japan shelters the Government of Japan, but we expose our gold supply to the demands of the whole world.

If Rothschild wants to contribute gold to enable Austria-Hungary to go upon a gold basis, he makes a bid to the Reichs Bank at such a rate for American eagles. A cable cipher comes across the ocean and an offer is made for American eagles at such a price, interest to be paid from the date of shipment. There may be only a quarter or a half per cent in the transaction, but on a large

transaction a quarter or a half per cent, as any business man knows, is a very valuable thing. Business to the amount of millions is done on the basis of one-eighth or one-sixteenth, and therefore business men are not only willing but glad to get an opportunity to make one-quarter per cent. All they have to do to get our gold is to collect our Treasury notes and greenbacks, go down to the Treasury and hand them in in denominations of \$1 or \$10,000 and fill a cart backed up to the door. The gold of the United States finds its way into the bowels of a steamer waiting, with steam up, ready to cross the Atlantic, and the exporter receives interest from the moment the gold is put on board ship.

The Bank of France puts a price on American eagles in the same way. Now, how does the thing work when we want to get gold? If you go to the Bank of France and ask to have a note of that bank cashed, if it is of small amount and you are an American traveler they will be very glad indeed to hand over the counter the few napoleons which you require, but if you send in a large amount of notes and ask for gold they will simply tell you that the rules of the Bank of France forbid them to give you more than 5 per cent of the amount in gold, and they will pay you the rest in silver. If you are a merchant and must have gold, they will say to you, "Our price for American eagles is so much; if you desire to pay that price we shall be very glad to sell them to you." The Bank of France and the Bank of Germany both become great bullion dealers under that system, while the Treasury of the United States, a great free-handed country, shovels it out to anybody who comes along with a demand note.

The distinguished gentleman states these facts as an argument tending to favor the establishment of banks similar to the Bank of England and France, etc. While I agree with him as to the facts stated, I disagree with him as to the deductions to be drawn. That he has stated the facts no one, I presume, for a moment will deny; hence I am certainly entitled to pardon for the strong language used concerning the present financial system, and after this statement of facts I hope that none of the distinguished advocates of the gold standard and consequent opponents of the "free coinage of silver" will with such lofty swelling mien, such as has been witnessed in this House, declare that our "foreign credit must be maintained." Our foreign credit is maintained by paying our debts in a common sense way; by using material at our hands with which to pay it. The people of the United States will, as soon as they learn the truth, relegate to the everlasting sleep of oblivion the men and parties who have frittered away their rights and cost them so much.

Mr. Speaker, commenting on that portion of Mr. Hendrix's speech which I have referred to, the Springfield, Mass., Republican, a very ably edited paper, and one which is to be commended for its brave and independent position, among other things, says:

It appears to be unnecessary for the Bank of France to redeem its notes entirely, or in anything like a reasonable percentage, in gold on demand, to maintain the parity of the two metals. Jones and Stewart and other silver men have often urged this point and demanded that the United States Government at least refuse to redeem the greenback and Treasury notes entirely in gold, but pay out, say, 50 per cent in gold and the rest in silver. Probably if the Government had adopted such a rule fourteen years ago, or seven or five years ago, when popular confidence was not disturbed and the Treasury was in a strong position, it might now adhere to the rule without trouble and with such inconvenience to the exporters of the metal at New York as to compel the banks there to supply some of the gold for export. But it would, of course, be quite another matter to put such a rule in force when the Treasury is so weak in its reserves and distrust has been awakened. The illiberal and short-sighted course of the New York banks, however, may force the Government in the end to adopt so risky a plan as an alternative to the immediate danger of the entire disappearance of the Treasury gold.

The Republican is right to this extent at least, that if the continued heavy draft on the gold in the Treasury by the New York bankers is not checked there will be a general uprising in this country demanding of the Secretary of the Treasury that he shall adopt the course pursued by the Bank of France, that of paying our debt and redeeming greenbacks and Treasury notes in gold or silver, as the law permits. I had occasion during the extraordinary session of Congress, when the Sherman purchasing clause was before us for repeal, to say upon this floor "that the panic then existing was a bankers' panic; that the bankers had purposely brought it about, with the view of forcing the repeal of the law requiring the Secretary of the Treasury to purchase and coin silver." No one at this time can be found who would hazard his reputation by denying the truthfulness of the statements that I then made.

As I have already observed in this discussion, it is equally true that the run upon the Treasury by the New York banks, drawing out the gold reserve, is a conspiracy having for its end the retirement of the greenbacks and Treasury notes. It is a stupendous piece of scoundrelism, which will recoil on the heads and business interests of the men engaged in it. Their conduct is utterly heartless, wholly unpatriotic, bottomed upon sordid greed and pusillanimous avarice, indefensible except upon the theory that the Treasury of the United States is a proper subject of looting and robbery, and that only Populists and hayseeds are simple enough to object. No wonder, Mr. Speaker, that these wholesale robbers object to Populists; no wonder that they object to the Secretary of the Treasury consulting or listening to farmers, mechanics, laborers, or producers. I believe as sincerely as I believe in this Government that it would not have been necessary for the Treasurer of the United States to sell a bond but for the deliberate villainy of the men who have caused gold to be drawn out of the Treasury in pursuance of a cold-blooded purpose which I have already described.

If I am right it will be seen that these conspirators have already cost the Government of the United States at least a hundred million of dollars, and if the process is submitted to will cost it many hundreds of millions. It will, however, Mr. Speaker, in my judgment, lead to one good result; that is to say, it will compel the Government of the United States to pay its obligations in whatever money it may legally use. During the discussion of the Sherman law it was insisted by the gold advocates that France, England, and Germany were all on a gold basis. Now, it is confessed by my friend from New York [Mr. HENDRIX], himself a national banker, that France and England, in maintaining a parity between gold and silver, pays in that metal which best suits the convenience of the bank, and that no one can go to either of the treasuries of these two great nations and procure any more gold than the treasury sees fit to pay.

With all these facts confronting us the United States Government presents the spectacle of a great babbling booby, whining over its inability to do what no other Government is pretending to do, pay out gold to every comer, straining its credit, saddling an unjust debt upon the American people with nearly five hundred millions of silver bullion in its vaults ready to be coined into legal, debt-paying dollars. The policy is an imbecile policy, unworthy of a proud, intelligent, and independent people, and is perhaps the most pronounced illustration of the stupendous jobbery of the age and of the blind credulity of the people to be found upon the face of the earth. If the American people had not submitted almost patiently to this excessive bleeding process for years past, a prophecy that such a thing would take place in the near future would be laughed at as the silly chattering of a drooling idiot. During the Revolutionary war, Lord Tarleton, in command of the British then in the Carolinas, committed a great many outrages upon the friends of the American Revolution. Francis Marion, a well-known patriot general, said of those outrages, "They are the foolish and mistaken blunders of the agents of a tyrant, and but hasten the separation of people and crown." It is to be hoped that the organized acts of the New York bankers which I have enumerated will hasten the day when all power to control the currency or money of this country will be forever taken out of their hands.

I have not used strong language with the view of disparaging individual bankers, but for the purpose of justly characterizing their combined iniquities.

If this assault upon the Treasury continues much longer every independent newspaper in the land will be forced by their conscience and public opinion to denounce the dishonesty of the bankers drawing out the gold and the folly of the Treasurer in paying it out. And when they begin the language I am using will be regarded as mild and conservative. Mr. Speaker, I make no pretense of superior foresight, but it seems to me that only the blind (I mean the morally blind) could fail to see the inevitable catastrophe.

I have already taken occasion to say that the banks, while attempting to dictate the financial policy of the Government, are combined together to draw gold out of the Treasury, lest it should be thought that I was dealing in reckless statement, unjust toward the banks. I clipped from the New York World a few days since the following pertinent inquiries: "What do the banks mean by their excessive hoarding of gold? Those in the New York clearing-house system alone hold more than \$81,000,000 in gold, for which they have no use. Why do they not turn it into the Treasury in exchange for legal-tender notes? Why do they not pay it out to merchants who have customs duties to meet, so that it may replenish the Government reserve? Are they seriously expecting gold to go to a premium? Are they and the banks all over the country in a combine to compel repeated bond issues for their speculative profit?"

The questions which I have just quoted are most pertinent. To such an extreme have the banks carried their assaults upon the Treasury that a great metropolitan newspaper, published in the midst of these speculators in public credit, feels called upon to rebuke them. Can it be possible that, in the face of all the accumulated evidence of the last two years, any ordinarily intelligent human being can be found who doubts the alleged conspiracy?

These bankers understand one principle in political economy, and that is, that the source of power lies in the ability to control the public purse. Any system which creates, extends, or enlarges debts necessarily stands opposed to self-government. This principle is easily understood. Self-government has always been opposed by money power, by those who hold bonds and notes, by those who have extensive holdings of any kind of property. Those who advocate and maintain self-government should always, at all times and under all circumstances, do all they can to prevent large or extensive indebtedness, and to that end our people should maintain a complete and jealous guard over all public expenditures. It has well been said that money is the vital principal of the body politic, that the public Treasury is the soul of the state, that control over public expenses means control over public affairs.

The people should therefore scan with great severity the acts of a public servant or servants, and should demand at his or their hands an open, complete, and full statement of his public accounts, and no great enterprise should be entered upon in the way of public expenditures without first being submitted to the people, and the people should never act upon such questions until they have been given plenty of time and opportunity to investigate the reasons for such enterprises—expenditures. If Congress or the President of the United States or any arm of the Government may with impunity enter into any secret arrangement or negotiation, or at their own will extend an old debt or create a new one, the constitutional idea of free government—a government of the people—is strained, endangered.

Let me give a few illustrations. Silver was demonetized in 1873 without the fact being known by General Grant, then President of the United States, and a large majority of the Senators and Members of Congress, and without the slightest suspicion upon the part of the great body of the American people that such a thing was being done, and the injury to the laboring people of the United States growing out of that transaction is so stupendous that the bare contemplation of it is appalling, and no language can be found to fitly describe it.

Again, the power given the Executive of the United States, through the Treasury, to issue bonds was a secret and unknown power, so far as the people of the United States were concerned, and has already resulted in great injury, and doubtless will in the future bring disaster to this country.

The willful conduct of the Secretaries of the Treasury in adopting the secret rule of paying our coin debts in gold has not only caused great financial disaster to this country, but has done more to break down the confidence of the American people in the integrity of our rulers than all the defaults and embezzlements of all the public officers of the States and nation, and has cost this Government unnumbered millions of dollars, and doubtless will cost our people other unnumbered millions. All the acts which I have enumerated have not only been irresponsible to the true source of power, but have been such acts as the promoters well knew at the time of their adoption could not have secured a respectable vote of the people of any Commonwealth in this Union, much less a majority.

The natural results of the extensive indebtedness of this Government, the several States and municipalities, together with the personal indebtedness of our people, is to produce two classes, the major class being composed of those who pay tax and interest to support the debt in its various forms, together with the constantly accruing interest thereon; the other class being composed of those who receive the interest and tax paid by the first-named class. Let it be remembered that industrial leisure rendered possible by extensive ownership in lands, houses, bonds, and other fixed investments has in all ages of the world had a tendency to create a spirit of overbearing intolerance, while those who must toil and save and suffer as the result of heavy tax and interest, if intelligent, have ever been dissatisfied, unrestful, and disposed to demand that their burdens be lightened and the opportunities and comforts of life be equalized. This thought, this demand, this wish and hope for equality, is the polar principle of free government, and the man who does not possess it is already a slave and needs not bonds to make him the meanest of his race. Lord Bacon over three hundred years ago declared that the gnawing and corroding effect of interest was more damaging to labor than all other vicious elements of social and political government. In lighter vein, but none the less true, is the following:

THE SONG OF INTEREST.

[Not by Tennyson.]

I steal the lawns and grassy plats,
Foreclose the hazel covers;
I mortgage the forget-me-nots,
That grow for happy lovers.

By every road I hurry down,
My grasp on all the ridges,
On every farm, in every town,
With bonds on all the bridges.

And by the almshouse sure I flow
To join the brimming river;
For men may come and men may go,
But I go on forever.

My step is on the stony ways,
I cry "per cent" in trebles,
And then I grasp the ships in bays,
As erst the sheep or pebbles.

I wind about and in and out,
With here a youngster sailing,
With here and there a gray-beard man,
And oft a widow's wailing.

I draw them all along and flow,
To join the brimming river;
For men may come and men may go,
But I go on forever.

Mr. Speaker, this bill is very far-reaching in its proposition. It means the destruction of the greenbacks, of Treasury notes, and

of silver. It means gold as the money of ultimate payment; it means a surrender of every particle of American manhood and independence; it means the destruction of American manufactures, of the American farmer, and the laborers of this country; it means want of bread and clothing in half of our American homes; it proposes to take away the money of the plain people and compel them to obtain employment on a dear-money basis, which means a cheap-labor basis; it means the total destruction of our silver-mining interest in the United States, which carries with it a great many other industries. This bill could not find a sympathetic response in the bosom of a solitary toiler or producer in this great nation.

The plain people of the United States believe in greenbacks. They preserved this Union when gold and silver had deserted us. The plain, everyday people believe in the greenbacks as they believe in the silver dollar. Paper money backed by the Government, like the greenbacks, is the best money that can possibly be put in circulation if properly limited and guarded. It can always be issued in sufficient quantities to answer the necessities and interests of the masses, is more convenient than any other money, and can not be speculated in. Next to paper money issued by the Government comes silver, as it goes much more extensively into common use than gold.

It will be observed that in 1873, when we were heavily indebted as a nation, the product of gold was decreasing, while silver was rapidly increasing, as was our population and need of money.

The United States would suffer more than any other nation, with the possible exception of Mexico, by the universal adoption of gold as the standard money of the world.

We are the leading silver-producing country.

We owe more than any other nation.

By the adoption of a gold standard we compel the American producers to grow wheat, corn, cotton, beef, pork—in fact, all our export commodities, all the articles which we even up our foreign trade balance with—at gold or dear money cost, and sell in competition with silver-using nations like India, thereby furnishing a cheap commodity from our mines with which to destroy the American farmer.

When you destroy him you strike down every laboring man in the nation.

It is impossible to do injustice to a large class of laborers without affecting seriously all other classes of laborers. Labor must stand or fall together. Let no set of men for one instant solace themselves with the delusion that they are perched on a Gibraltar of safety while their brethren are swallowed up by oppression, discrimination, and greed. Be warned! When those beneath you are brutalized, degraded, and impoverished they will in turn become the instrument of the money power, and will be used to swell the tide which will wash you from your precarious fortress and hurl you into the maelstrom of dependence, servility, and want.

Some ignorant, thoughtless people proclaim against the Populists as dangerous schemers, wild-eyed and fanciful dreamers.

Populism means peopleism, means humanity, progress. Victor Hugo, commenting on Waterloo, says:

The fact is, the revolution can never really be conquered, and, being providential and absolutely fatal, it constantly reappears. * * * If you wish to understand what revolution is, call it progress.

Oppression presents itself in many forms. It is ever, however, accompanied by the votaries of wealth, by those who seek to live in luxury and idleness off of the sweat of other people's brows. If the primal law of creation contemplates equality such a condition as I have mentioned is an insult to the Almighty and must inevitably meet its doom. The date of its exit can only be determined by the growth of intelligence and virtue.

Though the mills of God grind slowly, yet they grind exceeding small;
Though with patience He stands waiting, with exactness grinds He all.
—(Quarrels.)

Humanity stands before wealth, power, pomp. Christian statesmanship places humanity before all things else. A great philosopher of Rome, in the early days of her decline, said to a pompous ruler who sought to buy the philosopher's influence, "Gold hath Caesar's image, but man has Gods."

If by the demonetization of silver, or by circumscribing its money use, or if by the contraction of our greenback currency, Congress and the Executive have made it more difficult for an American laborer to secure work or pay an honest debt, we have not kept faith with that laborer, we have not kept faith with his over-worked wife, his prattling infants, suffering for clothing, for bread, wanting an education; this nation has been guilty of dishonor, of base treachery toward that man, his wife and children. If the President of the United States would give more time to the consideration of the needs of the American people, if he would send a message to Congress, suggesting some method by which unemployed labor could be taken from the byways and highways, and put to work at healthy wages; if he would blow a blast upon his huntsman's bugle, favoring legislation on behalf of our prostrate industries and internal needs, he would do much more

to save the nation's honor and credit than he has done in his repeated wails in behalf of foreign creditors and a single gold standard.

And he would do much more to command and endear himself to the American people.

In my judgment the best thought and energy of this Congress should be taxed to its utmost, as well as that of the Executive, in promoting the interests of the great mass of the plain, everyday people of this Government.

As a part of my remarks, Mr. Speaker, I propose to print what is known as the "Homo" letters, which first appeared in the National Intelligencer, a newspaper published in Washington, commencing about the end of Madison's Administration. These letters are believed by those who are best informed as to their authorship to have been written by Thomas Jefferson. They might well have been written by him, and, while they are not published as a part of his work, they are so much like Jefferson's independent, vigorous style, that I deem them worthy of a place in the current literature of the day, and, though written in 1816-17, they are abreast of the present time.

It is claimed by some who are opposed to the authorship by Jefferson that Jefferson could not have written them, because in one of the letters signed "Homo" is found the declaration "I am not a lawyer;" but those who have followed the life of Jefferson know that immediately after the Revolution he became so immersed in state affairs that he made no pretense at practicing law, and for the last thirty years of his life was in no sense a lawyer, and might well have said that he was not a lawyer. The following letter from an accomplished scholar and gentleman well known in Washington is important, as strongly tending to prove that Jefferson wrote the letter:

WASHINGTON, D. C., February 26, 1895.

T. J. HUDSON:

Yours inquiring about the authorship of the Homo letters, which appeared in the National Intelligencer in the early part of the century, I can only answer by hearsay. I entered the office of the National Intelligencer in 1841, and my knowledge of those letters comes only as a legend. I have understood they were published as the letters of "Junius" (Junius) were, anonymously; but the authorship was attributed to Mr. Jefferson, and you will find allusion to them in the editorials of that paper, and I think quotations from them as coming from Mr. Jefferson.

I am unable to give any information as to the dates of such editorials, but I presume they would be about 1840 to 1844, during the political campaign of Clay and the trouble between the Whigs in Congress and John Tyler.

Yours, respectfully,

JOHN F. COYLE.

HOMO'S LETTERS ON A NATIONAL CURRENCY, DECEMBER, 1816.

LETTER 1.—To the Citizens of the United States.

We all feel the evils of the existing variety of bank notes from chartered banks, and therefore are clamorous for specie, because we advert only to one benefit resulting from it, viz: An annihilation of ruinous exchanges or discounts on notes. But is specie at our command? Is it not an article of commerce? Is it not exported when the balance of trade is against us? Does it not disappear when war ensues? Are you not now paying taxes for the sale of Government stock at a great depreciation, because specie has vanished, and there was not a sufficiency of currency wherewith to purchase stock? When specie diminishes do not banks curtail discounts to call in their notes, and thus aggravate difficulties arising from scarcity of money? Have not banks the power of raising the value of property by an increased issue of paper, and can they not also lower it by diminishing the quantity of paper? Can they not suddenly reject a merchant's or a manufacturer's note, and drive him into the squeezing grasp of the usurer? What is the plea for fluctuations but the reduced quantity of specie possessed by banks?

In cities and in the country have we not all witnessed sacrifices of property and the ruin of thousands by bank curtailments? Can banks prevent unfavorable seasons? Can banks regulate the balance of trade? Can they suppress insurrections and avert war? Do they not commence with a deception when they promise to pay in specie? Does not their profit depend upon the substitution of notes for dollars? Can they benefit if they keep much specie to fulfill their engagements? Is not specie a summer friend, who appears when you do not want him, and who is nowhere to be found in times of need? Have you not seen your armies on the point of mutinying for want of pay? Have you taken a retrospect of difficulties which paralyzed the efforts of Government, and of dangers which appalled the souls of patriots? Must not these scenes occur again when specie shall vanish? Do you not mistake effect for cause; and, because specie appears in prosperous times, imagine therefore that specie creates prosperity? Can the United States Bank pay in specie when insurrections or wars may occur in the course of events? Could the Bank of England avoid the suspension of specie payments? Is not the present period of tranquillity best adapted to establish some permanent system? Have we not many facts to instruct us, and ought we not to provide against a recurrence of past embarrassments?

Has the Bank of the United States the power of commencing specie payments with only the first installment of \$1,500,000, to be divided amongst four or five branches? Are not those who paid the first installment now selling their scrip at a great profit? Will it not be brought up in England, as a by-law is passed to pay the interest in England? Will not this country become tributary for an annual payment of dividends, and will not the losses of the country be in proportion to the greatness of the bank profits? If the Secretary of the Treasury had last year issued Treasury notes not bearing interest, as Mr. Calhoun proposed, would not the interest of 6 or 7 per cent on about five millions have been saved? Would not this have built a university? Is not a Treasury note without interest better for a currency than if it bore interest? Do not men get rid of that which does not bear interest in payment of duties, of postage, and for land, whilst that which bears high interest is locked up?

I have here put a number of questions. If they are answered, truth will be elicited by discussion. If they are received in silence, I will suppose that the affirmative is granted, and may hereafter submit to you a representation of the dangers you have run as beacons to avoid subsequent hairbreadth escapes; and I may also lay before you the outlines of a simple, feasible plan:

1. To avoid a superfluity or deficiency of currency.
2. To do away existing evils from exchange or discounts on bank notes.
3. To prevent embarrassments and losses to the nation on any future war.

4. To destroy, in a great degree, the capricious curtailment of banks and the usury now so severely felt by those who have even the best pledges to give.

5. To counteract the political influence and dangerous power of banks.

6. To give an annual profit to a vast amount, and continually increasing with augmenting population, for the Congress to expend on roads, canals, bridges, schools, etc.

7. And lastly, to cement the Union.

HOMO.

LETTER 2.—January, 1817.

I have made the subjoined rough estimate of capitals in the United States (which augment so rapidly that any small exaggeration even is of little consequence) that you may consider how much the value of your properties depends upon the quantity of currency, and how trifling the amount of the circulating medium is, when compared with the amount of property of which it promotes the interchange.

As health depends upon the blood in the human frame, so does the prosperity of a country depend upon the currency. Violent fluctuations in the quantity of either are equally prejudicial.

The universally admitted axiom, that an article is cheap or dear, according to the quantity for sale, and the number of purchasers, ought to be constantly remembered by financiers. Every day we witness its truth, at home and abroad, in important consequences, which give serious admonitions.

Thus, when a nation has only a specie currency, property falls when the precious metals diminish, by exportation or concealment, and the fall is proved by Lord Lauderdale, and other writers on political economy, to be always much greater than in proportion to the deficiency of an article below its usual supply. Such being the invariable operation of an immutable law beyond the control of man, think how every property holder must suffer when specie diminishes (which erroneous legislators mistakenly term the basis of national currency, although daily changing in quantity, and anything but a basis), for banks always curtail their paper as the precious metals diminish, and thus double the scarcity; nay, when a little of the specie they hold goes out, they often call in three times the amount in bank notes. It would occupy too much of your attention were I to introduce instances of ruin to thousands by bank curtailments, and of losses and dangers to the nation from the same measure. You have only to take a retrospect of the last war to shudder at dangers escaped, and to be anxious for a permanent system to prevent their recurrence.

I have promised to submit to you a simple remedy against fluctuation of currency, and it shall be the subject of a subsequent letter.

Thus it is ascertained that about one-fourth of the bank capital of all the United States had only \$7,430,350 bills in circulation; this would, on an average, make less than thirty millions for all. If all the banks had given in their accounts, the Philadelphia statement would correspond nearly with the whole, because Philadelphia, being a large commercial town, can keep more notes in circulation than country banks. This would make the amount in circulation less than forty millions. The Bank of Columbia emitted more notes than others to aid Government, which are rapidly returning for Treasury notes and stock.

Estimate of the capitals of the people of the United States.

Slaves, 1,500,000, valued at \$250 each	\$375,000,000
Houses for 7,500,000 whites, at five to a house, and each house averaged at \$1,000	1,500,000,000
Furniture for 1,500,000 houses, at \$200	300,000,000
Lots of houses in cities and 100 acres of ground to each landholder, at \$10 per acre	1,500,000,000
Horses, cattle, and sheep	100,000,000
Implements of husbandry, carriages, wagons, carts, etc.	50,000,000
Mills, distilleries, warehouses, wharves, brewhouses, barns, shops, goods of iron, salt, leather, flax, wool, etc.	500,000,000
Flour, barley, rice, oats, potatoes, fruit, corn, cotton, hay, etc., for 2,000,000 persons for one year's consumption, at 20 cents per diem each, including food for horses, etc.	400,000,000
Four hundred millions of acres belonging to the public, at \$2	800,000,000
	5,132,000,000

In the above estimate I have not inserted bank, road, and canal stocks or mines, or produce for exportation. Suppose that my estimate be a little exaggerated, and that the bank notes exceed forty millions, both of which I can not admit, yet even then how trifling is the amount of the currency of a nation to its whole capital, although the former claims attention principally because of its daily use and its numerous effects, from superfluity or scarcity, whilst the latter is rarely adverted to.

Some persons, whose opinion had great influence, stated last year that the bank notes in circulation amounted to two hundred millions, and attributed exchange or discount on notes to a superabundant currency, whereas it was solely attributable to the numerous chartered paper mints, whose paper currency was without any fixed value, as they neither gave Government's stock nor specie, and thereby depreciated the credit of their own issues.

Here is the source of all our inconveniences, losses, and complaints.

HOMO.

LETTER 3.—1817.

Before I submit to you the proposed decideratum, I must request your attention to the important subject of interest.

Sir Joshua Child, a writer of the first authority on economics, terms low interest the soul of commerce.

The banks and individuals who are creditors receive annually about fifteen or twenty millions of dollars for interest on loans and debts; suppose one-sixth of this sum could be saved to the industrious and the unfortunate, would it not be a great relief? And if this view be extended for a century, when the population of the country shall be tenfold, can any one refrain from deliberating upon the important consequences?

I have already estimated the existing property of the country at \$5,000,000,000, constantly increasing. Would not this rise as interest falls? The following words of the enlightened author on the Wealth of Nations supersede all arguments for me: "The ordinary price of land depends everywhere upon the ordinary market rate of interest. When interest was 10 per cent land was sold for ten or twelve years' purchase; as interest sunk to 6, 5, and 4 per cent the price of land rose to twenty, twenty five, and thirty years' purchase."

The public possesses 400,000,000 acres. Consider how much higher it would sell and how much more would be sold if there were a sufficiency of a circulating medium. Consider also what improvements would be made if interest were low; for not such a happy circumstance a tendency to induce capitalists to undertake roads, canals, and bridges, promising to give a profit greater than low interest?

Are not those who usefully employ money burdened with enormous interest for the benefit of those who are devoid of enterprise and are the least useful members of society?

Is it not desirable in a republican government to discourage the oppressive

power of immoderate wealth accumulating in the hands of a few by usurious interest?

Do we not already perceive the monied interest, as it is termed, influencing State governments, and polluting every source of republicanism?

Can we walk out without seeing pawnbrokers' and exchange brokers' shops in every principal street?

Can we read the newspapers without seeing applications for banks, or some debate about charters, prohibitions, bonuses, etc.?

What are prohibitory laws but counteractions of that spirit of competition which the All Wise and All Good has implanted in the breasts of men, to prevent extortion by monopolizers?

What is a bonus given for but an exclusive privilege? Who pays the bonus and 8 or 10 per cent but you, the people? Who supports expensive establishments but you? If banks be multiplied can they keep more notes out than the wants of the public require?

Has not Adam Smith shown, and does not experience prove, that more caution is necessary in the issue of paper, and fewer evils arise from failures where there are several banks than only one or two?

Can partiality or animosity exercise their baneful influences so much when there are several banks as only one or two?

Must not the Government, by limiting the number of banks, and by fixing the rate of interest, counteract its reduction by competition?

Is not the legal interest different in several States? Does not the want of uniformity evince that there is not a fixed principle adopted?

Let me now solicit attention to your losses, when Government is obliged to borrow during war.

The British Government, though tottering under a debt of four thousand millions of dollars, could borrow one hundred and forty millions per annum at 5 per cent whilst you, with resources untouched, borrowed at 8 per cent. If Great Britain had borrowed on these ruinous terms, could she have triumphed over her enemies, or could the nation have borne an addition of 3 per cent interest, amounting to \$120,000,000 per annum?

Could you, fellow-citizens, have continued a protracted war if you begged loans on the terms you did for a few years longer? What was the cause but the different quantities of the circulating medium of the two countries? In England the mammoth bank had one hundred and forty millions of notes in circulation, and a thousand country banks had as much more, to a population of 13,000,000. In this country the currency amounted to about forty millions only to a population of 8,000,000.

Had the Government issued small Treasury notes millions would have been saved. But I will not now enter into details. I have only given this all-important topic of interest to your consideration that you may duly appreciate the consequences. The highest praise has been given to financiers in Europe who reduced interest, but in this country we perceive interest raised even during peace.

I know that the best intentions prevail, and I therefore venture to give sentiments which, I hope, will elucidate what has been termed in Congress the modern Elousinean mystery.

HOMO.

LETTER 4.—1817.

I trust that my reasoning has proved that water might as well be called a pedestal or foundation for superstructure, as bullion the basis of a currency.* Lycurgus's law, that ponderous masses of iron should be coin, was enacted to prevent the introduction of what he deemed the irritamenta malorum for his nation, and therefore he acted right, though he reasoned erroneously; but those who are in favor of an article of commerce for a permanent circulating medium are as prejudiced as those who persecuted Galileo because he denied that the earth stood still and ventured to exclaim in his dungeon, "I may perish, yet the earth will, notwithstanding your power, revolve." The bullionists are constantly talking of fluctuation, a metaphor from water, and yet they insist upon it as a basis. The press teems with pamphlets on appreciation and depreciation between paper and bullion. What a jargon! What strange inconsistency! What wonderful obscurity for the nineteenth century!

It is related of Newton that an apple falling upon him, as he reclined under its tree, caused that thoughtful attention which produced his doctrine of gravitation, whereby he determined the laws and forces by which the revolutions of the planets are governed.

At this winter season I will not request my reader to walk abroad for contemplation—no apples fall; wheels are stopped by ice, and the flowing of streams suspended. I will ask him, therefore, into my parlor, and at a warm fire show him a game at loo. Is not one of the party chosen to hold the stakes? Does he not give out counters, corn, coffee, or beans, at a nominal value? Are not these received and paid away, to the great accommodation of all, until any one wishes to redeem his stake by returning the currency? What are bank notes but counters? The important question is, what ought to be the stake? And, without hesitation I answer, income-yielding property. It is the interest, or annual income of currency, which should be the criterion of its intrinsic worth. Land is worth what income it immediately realizes, or what is expected hereafter from it. Next to land the surest income-yielding property is Government stock, and that has the exclusive advantage of being portable and easily subdivided, with a certain ascertained income. The whole property of the nation, also, is pledged for the punctual payment of the interest.

Now, suppose the Government were to appoint a board of three, to make a currency and to receive stakes, with income-yielding stocks or estates, and to publish that anyone shall have these representatives on depositing 6 or 8 per cent stocks, etc. What would follow? Would not many prefer these loans to bank loans, as they would not be liable to curtailment, or sudden demands for repayment. Suppose so many preferred this mode of acquiring a currency that they obtained rather too great a quantity, and that interest fell below the rate of the income-yielding stakes, would not applications cease? Might not the original borrowers obtain loans on lower terms, and with that loan currency redeem their stocks? Would not this return of currency diminish the quantity in circulation and bring it to the par value, alias the rate of interest received on government stock? When specie came

*The precious metals, being admired for their color and weight, became valuable as ornaments. Afterwards, when the art of melting and of purifying them was discovered, they became articles of barter. At length sovereigns coined them of various sizes, to guarantee their different weights and purities, and also gave them distinct values under various denominations. The receipt of them in all payments of revenue at the rates prescribed gave them an abstract standard value, under different names under different Governments. Thus the abstract value has continued permanent in countries, whilst the mercantile value varies like every other article, according to plenty and scarcity, balance of trade, etc. As it is not in the power of man to alter the law of Providence, that all articles must rise and fall according to demand, and as Governments can not regulate the abundance or evanescence of any commodity, wisdom dictates that rulers should make a currency which is not an article of exportation and which can be regulated to prevent great fluctuations. If this postulate be granted, the only question to be decided is, whether the plan suggested will fulfill the great desideratum so much sought for.

into the country and was not wanted for exportation, would not the precious metals be kept and the currency returned?

This, however, is an ideal circumstance, for man will consume, and when he has a surplus of anything will send it abroad to gratify real or artificial wants. When specie should vanish would not individuals apply again to the stake-holding board for substitutes? This plan appears so simple and feasible that the bullionists will, I fear, resemble the hypochondriac who imagined his nose too large for the door, and still believe that there are insurmountable difficulties. Let, therefore, the Government make an experiment to the limited amount of five or ten millions of dollars during this happy period of tranquillity. Will not this national currency answer for all payments of customs duties, postage, and land, and be preferred to specie, being more transferable and more portable?

Lord Stanhope laid it down as a principle that "a sound sterling being the abstract value of every object of consumption, that value ought to be independent of the valuable quantity of gold and silver, the representative signs which may be found in circulation."

It will be asked whether the banks will not object to this national currency. I answer that they honestly can not, and that they really dare not; but I am convinced they would cheerfully avail themselves of it, as the Government does them a kindness and facilitates the object of their institution. It says to them, "The justice of your reasoning is admitted that the absence of specie occasions a physical impossibility to produce it instantly, and that all attempts to retain it by coercion are futile; therefore, this substitute is created, and if you have good income-yielding securities, which every solid bank should or can possess, you can obtain the national currency, which will be received back, and your stakes returned; but, if, after this, you will neither pay fairly in specie or national currency, you must be declared bankrupt."

That the Government had last year an intention to establish a uniform national currency is evident from that clause in the charter of the United States Bank wherein it is expressly stipulated that their notes shall be receivable in all payments to Government until the Government shall otherwise provide. Why, also, is a committee now appointed to consider a uniform national currency if Congress did not contemplate some permanent circulating medium—that great desideratum?

This board which I propose will not have any political power, as it can not refuse good stakes, and will not have the right to curtail or call in. It will not have the trouble to meet every week to examine into men's circumstances and to discount notes and to answer checks, etc.

HOMO.

LETTER 5.—1817.

Last year the arguments of advocates of the bank were that specie being paid in by the subscribers the bank could pay in specie. Now, the directors do not compel themselves and friends to pay in specie, the charter notwithstanding. If the bank had ten or twenty millions of dollars in specie they might soon be removed, if exchange be against the country. One man with \$30,000 might soon break the bank. He would sell the \$30,000 specie for \$22,000 notes; and again with these notes draw out \$22,000 specie, and so on till the vaults replied to his demand with hollow sound.

That the framers of the bank foresaw periods when the bank could not pay in specie was evinced by their inserting a clause to authorize the president to suspend specie payments, which was stricken out. Great Britain had at one time £27,000,000 in gold, and yet it all vanished. The bank stockholders know that when specie diminishes they must curtail discounts, and cause complaints and losses, till the public will clamor for a suspension of specie payments, and then the managers of this great engine may do as they please. Government 3 percents fell in England to 48 by bank curtailments, and rose afterwards to 75 by an increased issue of bank notes. In a similar situation the United States Bank might raise or lower property as it pleased.

The president and directors will be, no doubt, always all honorable men, without any bias in favor of themselves or others; but it will not be always in their power to retain specie, that basis always fluctuating, and I am apprehensive that most of the United States Bank stock will be held abroad, as Government stock can be bought there at about 93, to fill up the purchased scrip, and then foreign stockholders will receive the dividend of 8 per cent or more which we the people must pay. And is it come to this? But let me proceed with my essay.

I have not fulfilled my promise to submit to you the outlines of a plan. 1. To avoid a superfluity or deficiency of currency, as self-interest has it always in its power to obtain a supply when the circulating medium is scarce, and to diminish the quantity by redeeming stock, when in the least superabundant; thus, the rate of the interest obtainable by individuals possessing the national currency will regulate the necessary quantity.

2. To do away existing evils from exchange or discounts on bank notes; for, if every bank is obliged to pay in specie or national currency, any man with either can disburse them at par, from the province of Maine to Georgia.

3. To prevent embarrassments and losses to the nation on any future war. This I have evinced by showing that the depreciation of Government stocks is occasioned by a scarcity of currency.

4. To destroy, in a great degree, the capricious curtailments by banks, etc. and usury, now so severely felt by those who have even the best security to give. The national board can not call in its notes, for it does not fallaciously make a currency the basis of a currency. Those who are the advocates for this currency basis, or financial paradox, must explain what I should laugh at as a metaphorical absurdity, if the productive classes of the community were not too often ruined by it. To me it appears a will-o'-the-wisp polar star, and on the faithless phantom flies to lead us to our doom.

5. To counteract the political influence and dangerous power of banks, for a full detail of whose antirepublican power I must refer to Cobbett's letter to Mr. Dallas, which ought to be published in every newspaper.

I am now brought to my last promise of an annual profit to a vast amount for Congress to expend on roads, bridges, canals, universities, hospitals, etc. You will have read in a variety of publications that the Bank of England had at one time £30,000,000, or about \$140,000,000, in circulation, of notes, on which, of course, it gained 5 per cent. But let us deduct forty millions, and suppose \$100,000,000 required as a circulating medium for a population of 14,000,000. This, at 5 per cent, would yield five millions annually. Now consider that our population will in a century exceed that of Great Britain tenfold—but I will deduct 14,000,000, and suppose it 100,000,000—will not the currency required amount to nearly one thousand millions of dollars, and the interest on it be \$50,000,000 per annum?

I have given this rough statement that you may be struck with the magnitude of the object I present to you. Diminish the amount as much as you fairly can and even then you will dwell upon the subject with a deliberation you can not prevent. One fact will at least corroborate what I have suggested, viz, that the Bank of England had £30,000,000, or nearly \$100,000,000, surplus in nineteen years, after paying bonuses and dividing 7 per cent per annum, which was two-fifths more than legal interest. I will not here allude to the United States Bank, to which I may hereafter devote an essay.

Let me now request you to consider that the borrowers pay interest equally for specie or a national currency. For the former some goods or stocks have been given which, if converted into active capital, would yield

interest. There is, however, this important difference, the specie is purchased from abroad, but the national currency at home.

It may be here urged that specie has an intrinsic value. I admit it, and have no objection to its being brought in as an article of commerce; but I wish it not to be forcibly detained. I say, let it be exported to bring back articles yielding a profit of 50 per cent. I only deprecate its being made the currency of a nation because it leaves governments in the lurch. Adam Smith has sagaciously observed that "the substitution of paper currency, in the room of gold and silver money, replaces a very expensive instrument of commerce with one much less costly. Circulation comes to be carried on by a new wheel, costs less both to erect and maintain than the old one. By paper, gold and silver can be spared, and can be sent abroad to exchange for foreign goods, and it becomes a new fund to increase the capital of the country."

In my estimate of profits to the nation I have not inserted the amount of duties paid on goods imported from India, for specie exported.

I will suppose for a moment, what I think impossible, that the legislators of this country persevere in the present bonus-chartering prohibiting-specie-bank-note system, and that it be continued till the population amounts to fifty millions, and till a war ensues. What will then be the situation of the Government? What will then be the influence of banks? But why anticipate, you will say, greater evils than we already suffer?

My seventh position, that a national currency will cement the Union, is, I trust, so self-evident that I need not expatiate upon it.

I will not enter into details respecting a particular colored paper for the national currency, nor recommend mixed metal coins, from a dollar downward, etc., for small change. I indulge the hope, also, that some bullionist will reply to my questions, and enable me to supply what may be deficient, and illustrate what may be obscure. I request, however, to be excused contrasting the proposed national-currency plan with the present United States bank plan.

The board appointed by Congress makes the currency and sells it for stocks and income-yielding securities. The board can not call the currency in, and none of it will be returned unless it fall in value so as to yield less interest on purchases than the original stake or pledge of stock, etc.

The bank sends stock to purchase specie abroad, and then gives notes or tickets, with the right to draw the specie out again, and these notes or tickets are often to an amount five times more than the specie.

A superstitious man may keep a small coin in his pocket to drive away the devil, poverty, but a bank can not even do this, for it is compelled by charter to pay away to the last farthing, and then we are paid with demonstrations of physical impossibility. If in this case we complain of deception we are smilingly or sneeringly told that the Government knew when they granted charters to banking associations that specie payments were not intended, unless when specie was not wanted; else wherefore did they make bank notes? A committee on a national currency is, I suppose, now sitting, and no doubt it is maturing some simple, practicable, permanent system. It is a consummation devoutly to be wished.

Oh, beware, my fellow-citizens, of stockjobbers or banking associations, who have an interest as distinct from that of the community as that of drones from that of bees. Oh, beware, ye legislators, how you create a moneyed aristocracy, as dangerous to government as Pretorian bands in Rome, or Janissaries in Turkey. Let me repeat that I behold this country as the asylum of the afflicted, the sanctuary of the oppressed, on which the eyes of philanthropists are everywhere fixed with affection and anxiety. Moral feelings, common interests, and general principles unite as a band of brothers. Whatever appertains to the general welfare should emanate from the General Government. This is the spirit of our Constitution—this is the central axis upon which the Union must revolve, and any important deviation must make all return to chaos. If I am assailed for this interference I shall reply, *Homo sum et nihil humani a me alienum puto.*

HOMO.

NOTE.—It is proved by history that sovereigns formerly borrowed at 45 per cent when specie was the only currency. Now, the value of paper is determined by the rate of interest it will bring; and the rate of interest depends upon the quantity of notes in circulation. If a government gave currency in exchange for stock, at a given interest, is it not plain that the value of the currency must be regulated thereby? Who will venture to say that a specie basis, alias currency, alias will-o'-the-wisp, alias here to-day and gone to-morrow, alias keep me not, ought to be the currency of a great nation, on which existence depends, as human life does on blood. I say existence; for, if armies can not be paid, they must become plunderers, mutineers, and foes, instead of defenders.

LETTER C.—1817.

I often hear an extraordinary argument used, that the Government ought not to bring forward a plain beneficial system for a national currency, because the people are ignorant and prejudiced. This doctrine, if carried to its full length, would suppress all improvement; nay, might make us go retrograde and study to darken by promoting error, rather than to enlighten by exhibiting truths.

I can not believe that the people will call a currency purchased by them, for which the stock is always ready to be returned, continental money or assignats; the former is not issued by the Government without any restraint, and at a period when the ultimate payment of the latter depended upon the success of a revolution. The former can be converted, at all times, into stock, and its issue is limited by the demand of individuals. During the revolution Government forced the latter in payment for everything; but by this plan individuals purchase the former for their accommodation and give income-yielding property for it.

I can not conceive that the people will not make any difference between a hedge stake and a beefsteak merely because they both are stakes; nor can I imagine them so ignorant as to think bonds, mortgages, title deeds, notes of hand, etc., equally alike because they are all on paper.

I appeal to the common sense, the self-interest, and the republicanism of the people; but being conscious that the weight of established names for financial knowledge is sometimes beneficial in confirming opinions of men who are unwilling to judge for themselves, I will now subjoin the sentiments of influential characters who had foresight and fortitude to suggest what experience has confirmed.

Lord Sinclair, in his third volume, page 234, says: "The advantages of paper circulation are hardly to be estimated. In every country where commerce flourishes it is necessary to have a considerable quantity of some common medium of traffic. If paper does not exist, gold and silver must be made use of. If the paper circulation of Great Britain is equal to £30,000,000, had it not existed we must have exported goods to that amount to have brought in specie; and consequently we must have been thirty millions poorer than we are at present. It is true we should have had the gold and silver, but even that would have been perpetually diminishing by use; and thirty millions of paper, without any possible loss by wearing or otherwise, and with great convenience as to transportation, etc., answers exactly the same commercial uses and saves the annual interest that would have been lost, which, at 5 per cent, amounts to one million and a half sterling."

"The circulation of paper has already been carried to a considerable extent by means of exchequer bills, banks, and bankers' notes; but a still greater quantity is required, and an addition of either coin or paper would be of real service to the community, as above thirty millions per annum must now be annually paid for the interests of the national debt and for other national expenses. If one-third of that sum were issued in notes of from one to five pounds each, receivable in payment for taxes, it would be productive of the happiest effects, not only accommodating individuals and promoting the improvement of the country, but also adding, at the rate of half a million sterling, to the public resources."

Arthur Young, in showing the influence of a paper circulation when specie diminished, makes the following important statement:

"The average of bills for inclosing waste lands and commons, passed in Parliament for seven years, from 1769 to 1775, was 58. The average for the next fourteen years, during the American war, was only 33, but in the seven years from 1790 to 1796 the average was 82; but in the following seven years, ending with 1803, the stoppage of the cash payments at the bank not only dissipated the accumulated succors of the year 1797, but animated every exertion, and gave an average of the seven years of 83. The average from 1804 to 1811, inclusive, eight years, was 92. If this does not prove the conversion of paper into beef and mutton, butter, cheese, and corn, I shall be at a loss to know how gold itself ever experienced a clearer conversion from useless metal into these most necessary of all commodities. I have long been convinced that the success of the national agriculture, and even the subsistence of the people, have materially depended on the paper circulation of the kingdom, and that greatly lessening it, under the erroneous idea of its being excessive, would strongly tend to ruin the farmers and starve the people."

Adm. A. Smith says "That a prince who should enact that a certain proportion of his taxes should be paid in paper money of a certain kind, if he was careful to keep the quantity of it always somewhat below what could be easily employed in this manner, the demand for it might be such as even to make it bear a premium, or sell for somewhat more in the market than the quantity of gold and silver for which it was issued."

When the clamor was last year against rags, were not borrowers paying 1 and 2 per cent for them on account of scarcity? Was it not said that there was plenty of specie in the country; and do we not find the mammoth bank sending ten millions, or one-third of its capital, in stock, to purchase specie from abroad?

Do we not learn that the second specie installment is not to be paid in the precious metal, although Congress passed the bank law, relying upon the prospect of promised halcyon days by specie payments.

The great error of chancellors of the exchequer, of Secretaries of the Treasury, and of chairmen of Committees on Ways and Means has been that they depreciated the Government credit by rejecting their own paper in payments and by elevating that of individuals, making, by this preference, a part superior to the whole. Owing to a mistake of this kind I have seen Government securities bearing 12 per cent interest at 25 per cent discount, and when it was corrected the same securities rose to par. What have banks to offer to the public when they suspend specie payments but Government stocks? And how far have any security but individuals' notes.

I will suppose that the Government gave their national currency for income, yielding pledges at 5 per cent—would not everyone then apply to Government in preference to sixty days' loan at higher interest? And would not interest gradually fall to this standard? Can there be anything more desirable for an agricultural, manufacturing, commercial, industrious Republic?

I have not ventured to submit to you what is the result of some reading, and of much deliberation; and surely there is not a subject more deserving your consideration at this opportune crisis. Some bullionists will, I hope, endeavor to refute me. Collision will elicit light, and if I am in error I shall be pleased at being exposed. I am an enemy to fallacies, and shall rejoice at being made wise, even at my own expense.

I am not accustomed to intrude frequently, but on this occasion I was unable to resist an impulse or dictate of duty to do good and a desire to behold manufactures revive and the merchants retrieved, and to see Government defraying in useful, heart-cheering improvements that profit arising from a national currency, which moneyed associates would expend in ostentatious luxuries and demoralizing sensualities.

HOMO.

LETTER D.—1817.

Being unwilling to make my essays too numerous, I had determined not to expatiate upon my seventh suggestion, that a uniform national currency would cement the Union, but on reconsideration so many important consequences present themselves under this head that I can not without a culpable omission neglect adverting to it.

By the Constitution of the United States it is declared in the eighth section that Congress shall have the power to coin money, and regulate the value thereof; and in the tenth section it is ordered, "that no State shall coin money, emit bills of credit, or make anything but gold and silver coin a tender in payment of debts." Is it not herein evident that in Congress alone is vested the power of making a national currency? Let me ask whether the State governments by establishing State banks and by chartering other banks in which they hold shares, and to which they appoint directors, do not virtually violate the Constitution? Is it not an acknowledged axiom in law, *qui facit per alios facit per se*; in other words, he who authorizes another to act, commits himself what is done. If, therefore, the State governments are prohibited to emit paper themselves, neither can they legally empower others to do so.

Now, let us examine whether by authorizing banks to issue notes the State governments do not to all intents and purposes emit paper. The old State notes promised on the face of them to pay in specie—so do bank notes. The States did not fulfill their engagements—neither do banks. The names are different—so are those of Satan and Diabolus, but *mutato nomine cadem est res*. I am not a lawyer and can not therefore make distinctions without a difference and therefore decide that the State governments have exceeded their defined powers, or rather that they have infringed the Constitution as well by granting charters as by prohibiting two or more partners from issuing promissory notes.

I will suppose that the Mississippi Territory be formed into one State, and that the governor, etc., be desirous of a separation from the United States, what engine can be more powerful than a State bank for such a purpose, which had been some time in operation and had established its dangerous influence, combined with that of ambitious popular leaders? Is this a chimera? Is it an imaginary apprehension? Ancient history records the baneful effects of party spirit. Modern miseries have exhibited the overwhelming infatuation of geographical jealousies and animosities, and solemn warnings

* If the balance of trade be not in favor of this country, will not this specie be exported? Will not this be like carrying water from the ocean to pour into the river to flow out again? When natural causes bring specie into the country then, and then only, will scarcity cease. The Bank of England could not make specie payments, and the United States bank can not till specie flows in by a favorable exchange. Thus we never can be indebted to a bank for specie payments. Banks are, avowedly, only paper mints.

have been given in the farewell admonitions of our Washington. Shall all these be unheeded? Shall the lessons of experience be despised?

Even without the anticipation of such a lamentable occurrence, must not the Government, which at present has very large sums of various banks locked up, from inability to dispose of them, but with a heavy loss, find it very embarrassing hereafter to collect internal taxes when the population is much increased and State banks multiplied? May not serious evils be experienced at a critical period?

I will now suppose that a foreign power be determined upon war with the United States, or that an irreconcilable difference makes war inevitable, will not the sovereign's minister of finance, if he has abilities, send over to us several millions worth in goods and withdraw our specie, that merchants may be rendered bankrupt, that all property may fall in value, and that the stock of the General Government may be depreciated? Surely the evils of diminished specie, gradually experienced during the last war, without any foreign acceleration, ought now to be provided against.

I will now suppose the proposed plan adopted, and that the General Government, foreseeing hostilities, makes purchases and contracts for articles to be paid for in Government stocks or in Treasury notes, bearing interest; will not the possessors of these convert them into national notes and thus increase the currency when most wanted, instead of its being diminished, as it must be, if the present specie basis mode be persevered in? Did not contractors during the last war sell their Treasury notes to banks at a discount for notes which were also at a discount on the frontier? On whom did these losses fall but upon the nation, as the contractors raised their prices accordingly? But let me avoid retrospection.

It may appear extraordinary that the people of Great Britain have caused an emission of Bank of England notes to the amount of \$10 per head; but if it be considered that notes are not merely kept in pockets, but in tills of shopkeepers, in desks of individuals, and deposited in banks to a vast amount, and held by Government's officers, the recorded fact will not be doubted.

I will now show how the population increases in this country.

Say that the white population is at present	7,000,000
In twenty-three years	14,000,000
In forty-six years	28,000,000
In sixty-nine years	56,000,000
In ninety-two years	112,000,000

The average population will be 56,000,000, and if these require \$10 each, the amount of currency must amount to \$560,000,000; and 5 per cent on that sum would realize annually twenty-eight millions, from which sum expenses must be deducted. That the dispersion of so much currency would make the holders of it anxious to preserve the Union, even from interested motives, is too self-evident to require illustration.

Unless I am under some delusion, I have now proved that the General Government can save millions during any future hostilities that it may gain, during the peace and war, above twenty millions annually on an average during a century; that it may diminish usury and may preserve the industrious classes from destructive fluctuations in the value of the currency, and that useful improvements of incalculable benefit to all parts of the Union may be constantly introduced.

The great advantages I hold out may to some be questionable, yet who can object to the experiment being tried, for what harm can possibly arise from Governments making a national currency which will be received in all payments? They say "we offer for sale this currency; those who find it their interest to give Government stocks and income-yielding securities may receive it in exchange, and when they choose may return it and receive their pledges, stakes, or securities back again."

I solicit objections. I will not affect to apologize for claiming attention to such important objects. The crisis is favorable, and I feel no anxiety respecting the result of the proposed experiment.

HOMO.

LETTER 8.—1817.

It is imagined by some that the State banks will be adverse to a national currency, but I am convinced they will be pleased with it, as they are not blind to their own interest. They must have specie or United States bank notes to meet their own notes. Now, if they could obtain a national currency they would be much relieved from apprehensions about the mammoth bank, for if it run upon them they could pay in national currency, and the mammoth bank would be less inclined to press them when they would receive the national substitutes for specie thus judiciously and equitably created by the Government to prevent hostilities and embarrassments from rivalship.

Wishing to avail myself of the opinions of others, I have consulted persons well informed on financial subjects, and they corroborated my sentiments that a national currency would be a conciliator. I had not prior to this taken into consideration the interest of minor banks, but am now satisfied that they must be benefited by having an independent reservoir to supply their wants when specie diminishes, and the mammoth bank is necessitated to replenish the vacuum in its own vaults by drains from other banks. Is it not evident that the banks would aid individuals with more confidence and be less compelled to curtail discounts if they could at any time obtain a national currency? This is experienced in the Patriotic Bank, which only promises to pay in Government stocks, as the directors have only to part with some of their stock (of which they have a supply over and above their capital), should they be run upon, and thus a stoppage, to the great injury of the bank itself, of its note holders, and of all buyers and sellers, can not occur unless the bank managers are guilty of overtrading, etc.

The deposits of a bank are its great sources of profit, and these are most considerable when there is a sufficiency of the circulating medium. Many private bankers in Europe make their fortunes merely by deposits, without issuing notes. Small unchartered banks in our large towns and cities, with economical establishments, would be very useful, and in my opinion prohibitions are as impolitic as they are unconstitutional. The great *sine qua non* to prevent the evils of sudden curtailments by the evanescence of specie is a national currency which can not diminish when an increase is required, and thereby compel the banks to curtail and aggravate evils from scarcity, by which the banks reduce their profits and experience serious losses by ruining their customers. The community and banks have one common interest, and both must rejoice at the creation of a national currency to avert the baneful political influence of a mammoth bank, so fully depicted in the following letter from Cobbett to the late Secretary of the Treasury:

"LONDON, January 13, 1816.

"To Mr. Secretary DALLAS:

"SIR: I have read with great care and uncommon interest your proposition to Congress, under date of 6th December, 1815, for the establishment of a national bank; and as a part of the reasons which you urge in support of that proposition appear to be founded on the experience of a similar institution in England, I can not refrain from endeavoring to show you what some of these effects really have been, and what is at present the situation of this country, owing, in a great measure, to the existence of a great banking establishment closely connected with the Government.

"It is the evil of a national bank, as experienced by us, to which I particu-

larly wish to draw your attention. You profess, and I dare say very sincerely, so to frame this establishment in America that it shall be independent of the Government. It is next to impossible, indeed, that you, or any of the persons in whose hands the Government is, should have a desire to make a bank what our bank has long been; but while there is a possibility of its becoming, in any hands or at any time, anything resembling this bank, it must be a matter of serious dread to every friend of America that such an establishment is likely to take place. Sir, it is as a bank of discount that this establishment exercises the most pernicious influence. The directors, who are a chosen divan, regulate these discounts, and in so doing decide in some sort upon the rise or fall, the making or the ruin, of all men in trade, and indeed of most other men, except such as have no capital at all.

"The amount of these discounts at any given time is supposed to be about £6,000,000, as they are never for more than two months. Here is a sum of thirty-six millions lent every year to individuals. The bills for discounts are sent in; the directors consent or not, without any reason assigned. Now, sir, consider the magnitude of the sum discounted. It is little short of half a million dollars a day, Sundays excepted. It is perfectly well known to you that in state of such things almost every man in trade is under the necessity of having a regular supply from discounting. If he be excluded from his fair share here he can not trade with the same advantage as other men trade. If he be in the practice of discounting, and if his discounts be cut off, he can not go on; he stops payment and is frequently ruined forever, even while he possesses property which, with the fair chances of time, would not only enable him to pay his debts but to proceed in prosperity.

"I beseech you, then, sir, to look seriously at the extent of the dangerous power of these bank directors. You must see that they hold in their hands the pecuniary fate of a very large part of the community, and that they have it in their power, every day of their lives, to destroy the credit of many men, and to plunge their families into shame and misery. If I am asked for their motives to act like these, to pursue such partiality, to make themselves the instruments in committing such detestable injustice and cruelty, need I point out to you that they have been and must be constantly actuated by the strongest political prejudices? The fact is, however, that the Bank of England, by means of its power of granting or withholding discounts, has been, and is one of the most potent instruments of political corruption, on the one hand, and of political vengeance on the other hand.

"I myself could name twenty men who stood very high in trade and credit who have been totally ruined, reduced almost to mere beggary, by the stoppage of their discounts at the bank, without any other cause than that of their having taken an open part in opposition to the acts of the Government. This is so notorious that men are not ashamed to avow when solicited to come forward in petitioning or remonstrating that it would be their ruin with the bank—men who burn with indignation at the insults offered to the public. Men who talk in their private circles in the same way that I am talking to the Americans dare not open their lips in public, dare not put their hands to a petition against any act or intended act of the Government; and this is so well and so universally understood, their doings are regarded as so certain a course of ruin, that no man expects them to expose themselves to such calamity. Can your mind picture to itself a more potent and at the same time a more disgraceful instrument of political corruption and subjugation?

"I will now unfold to you, as a serious warning, the miseries which an ill-advised attempt to resume specie payments in Great Britain occasioned.

"Mr. Weston, in the House of Commons, to prove the distress of farmers and manufacturers, read certain documents, which he said were collected with great precision: 'From Norfolk, which he considered might represent the averaged districts of the Kingdom, he had received information there was an increase of sheriff's writs to the number of 1,607, and that executions on goods had arisen from 96 to 147. In the county of Worcester the number of writs and executions in February, 1815, was 640. In the same month in the following year 800. There were, he understood, at present 186 parishes in that county under process for arrears of taxes. In Sussex, out of 32 parishes, of which 100 consisted, there were 23 under process of exchequer.'

"I have already quoted much to illustrate my positions, yet I can not refrain from inserting the judicious observations of a writer in the Gentleman's Magazine, as they will, I hope, make a serious impression.

"High prices, however, might have been sustained in a degree but for the large importations from France, and but for the improvident attempt of the bank directors to restrict the issue of the circulating medium at the instant when taxes were increasing, and when the foreign policy of the Government called for a large extended and progressively increasing circulation. Thus, in the face of an enormous loan of thirty-six millions sterling, of a public expenditure of ten millions per month, the makers of our public money have judged it reasonable to abridge the circulation. They had found it necessary for sixteen years to augment the issues at the rate of a million and a half per annum, but in the year when the taxes and calls of Government become greater than ever, when peace had reopened the ports of the world to our commerce, and when agriculture was struggling against high rents, grinding taxes, and foreign importations, they have diminished their issues from thirty-one millions to twenty-eight millions.

"The Bank of England, too, in regard to the thousand country banks, is like the sun to the planet and satellites of the solar system. Every motion of a yard moves each planet a mile, and every motion of the Bank of England disturbs the motions of its thousand satellites in a similar manner. If, therefore, the banks who pay Bank of England notes have been obliged to withdraw perhaps five times the amount; and thus, eighteen millions have been withdrawn from circulation, when, in truth, eighteen millions more were wanted."

"If the single Bank of England has such influence, then what control the bank of the United States may have over the destiny of individuals, nay, of the nation, which appoints officers to so many branches, with salaries, and directors with such power, and which can increase and decrease the currency at will, yet the evanescence of specie can not be prevented by the bank; therefore, my humble efforts to introduce a remedy against that evil will, I trust, be acceptable. The period is favorable, and venient occurrere morbo is a statesman's axiom. Let it be remembered that the Congress does not issue the proposed national currency and that the board can only sell it. The purchase and return of it is by the Government's receiving it in all payments; and the rate of interest it will produce will be decided by the quantity purchased by individuals, who will calculate the cost of labor, materials, etc., expended on their undertakings and will not purchase it when labor is too high and it can not be profitably used.

"Adam Smith has stated that the price of labor determines the price of productions, but this rule has so many exceptions that it can not be acknowledged. In India, during a famine, when provisions are excessively dear, men will work for a mere subsistence, and children are given to slavery by parents whose affection makes any sacrifice for their children's preservation. In a besieged town a rat or pint of water may sell for a dollar. The high price of provisions in modern times may be attributed to the increase of towns by manufacturers, standing armies, State creditors, taxgatherers, etc. Consumers multiply in old countries more rapidly than agriculturists. Currency, by enabling persons to employ labor, proves thereby a stimulus to industry, and by enabling them to purchase promotes also consumption; in this point of view therefore it becomes an important object. Currency also, by enabling enterprising citizens to erect factories and to establish machin-

ery, is of the greatest benefit, for home manufactures, as they are called, are produced by these means without food, fuel, raiment, fire, candles, servants, etc., so that 5,000,000 of hands may create what would otherwise require 30,000,000.

"Before I conclude let me ask bullionists and the declaimers about the depreciation of Bank of England notes how they will reconcile with their doctrine the two facts which have occurred in Great Britain:

"First. On the 3d of July, 1813, a guinea, at the current price of gold, was worth £1 7s. 8½d. At this period the amount of Bank of England notes in circulation was £23,314,890. On the same day, in the year 1814, a guinea was only in value £1 2s. 4½d, although the Bank of England notes had increased to £23,552,900. Here is a fall in bullion of about 25 per cent, whilst paper money had increased nearly as much in quantity.

"Second. Dollars are now at 4s. 2d, while bank notes have their par or abstract value, 4s. 6d, in all payments.

"I own no inclination to adduce more arguments, but reason whispers that if what I have already urged be unavailing, I should misspend my time; so I obey her dictates and am done.

"HOMO."

P. S.—In making a currency below a dollar, three objects ought to be adverted to, viz: To avoid counterfeiting, melting down, and exportation. Let mixed metals compose the small coins; they can not be washed over; it will be expensive to make them, and it will be expensive to separate the metals, so that it will not be profitable to melt them down. There should be much more work upon the coin, and this will render it disadvantageous to fabricate counterfeits; thus the metallic medium will continue in the country, and losses by sweating and melting down will be saved, and the inconvenience of rags, by corporations, postmasters, associations, etc., so much complained of, will be done away.

Railway Mail Service.

SPEECH

OF

HON. WILLIAM F. VILAS,
OF WISCONSIN,

IN THE SENATE OF THE UNITED STATES,

Wednesday, February 13, 1895.

The Senate having under consideration the bill (H. R. 8272) making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1896—

Mr. VILAS said:

Mr. PRESIDENT: At some time during the debate on this bill I wish to submit some observations in regard to it and some figures which I caused to be prepared in the Post-Office Department, in order to present them to the Senate, and perhaps to attract attention hereafter, if it be of no avail now, so that by and by something may be done to change the method of compensation to railroad companies for carrying the mails.

It happened that when I was in the employment of the Government in another situation some years ago I was brought to study the mail service and give attention to the way in which appropriations for the postal service were expended, trying to ascertain why it is that a great express business like carrying the mails, in which the Government has a monopoly that in private hands would be highly profitable, should be, in the Government's hands, the subject of so much annual loss.

I may say that as a general result of the inquiries I made I came to the conclusion that the mail service owes its pecuniary misfortunes to the want of proper legislation. To-day that service is being conducted at a loss, under present laws, of about \$10,000,000 or \$11,000,000 a year. I have no doubt whatever that a good business man would undertake, and give sufficient bonds to justify his undertaking, to conduct that mail service for the next five years for the United States without charging a dollar of annual deficiency. But it would be upon condition that he should be able to make the laws, or to govern the service without being forced into the predicament in which the Postmaster-General is continually placed. He would be able to render that service at a profit to himself, and he would do it increasing and improving the mail service year by year.

The main difficulty with the service is twofold—that the laws compel the Postmaster-General to carry much of the mails at a great loss, and also to pay for much of the mail transportation a price far beyond what any business man in conducting the same business would find himself obliged to disburse. Take, for instance, what is known in our laws as second-class matter. By gradual reduction the rate finally came to stand as it does now. The law took effect on the 1st of October, 1885, the first year during which I was in service in the Post-Office Department, providing for one cent a pound as the rate for carrying second-class matter, whether a short distance or a long one, one cent a pound from the city of New York to the city of San Francisco, across the continent. There was naturally a disposition to take advantage of that reduction on the part of every body who could by any means bring himself within the classification.

So, although the carriage of newspapers within the county of publication is free, which may be a convenience or even benefaction to the people, and although the carriage at the pound rate of newspapers and periodicals properly so called might be excused upon the theory of the dissemination of intelligence, yet in point of fact

it had come to this, according to the best opinion in the postal service while I was connected with it (and I so stated in the report of 1887 now on the table before me), that for the carriage of second-class matter substantially one-third of the entire annual expenditure of the Post-Office Department is sustained, while it yields in return but about one-fortieth of the revenue.

Our postal service now costs nearly \$80,000,000 a year. It costs some \$26,000,000 or \$27,000,000 a year to carry second-class matter. I venture to say, although I have not the figures before me, that second-class matter hardly yields \$3,000,000 in revenue. That is one illustration.

Now, take as another the railroad transportation service, to which our attention is particularly directed in this discussion. We appropriate for the railroad transportation alone in the bill now about to be enacted within about \$300,000 of \$30,000,000 a year. The observation is very safe that by proper regulation and business management of the service that amount should be reduced nearly one-third. From \$5,000,000 to \$10,000,000 I consider a very safe estimate. So if those two items of the postal service alone were put upon a fair and just foundation, instead of the people, heavy laden as they are, being obliged to spend from \$10,000,000 to \$12,000,000 a year to make up its deficiency, there would be even a surplus.

In the report of the Department for the year 1887 these ideas were set out and the attention of Congress was sought to be attracted to them in the hope that something might eventually result. Last year when the post-office appropriation bill was under discussion I again called the attention of the Senate to the cost of railroad transportation; and having given some figures in regard to it, the distinguished Senator from Ohio [Mr. SHERMAN] said, Why do you not bring in a bill for the purpose of enabling relief? I have accordingly, to meet that suggestion, brought in an amendment to be proposed to the post-office appropriation bill.

Now, the Senator from New Hampshire [Mr. CHANDLER] this morning says that an amendment to the appropriation bill is not the proper way, if I understood him, to consider the subject; that it might be very well if we could take it up in some other way upon some bill and consider it at large and meet all the condition necessary. I agree to the general idea; but in fact it is either to do this thing upon some appropriation bill, or it is to see the evil perpetuated year after year with no redress and no relief.

Mr. CULLOM. Would it interrupt the Senator if I should ask him a question?

Mr. VILAS. It would not, sir. I yield with pleasure.

Mr. CULLOM. The honorable Senator now addressing the Senate is chairman of the Committee on the Post-Offices and Post-Roads of the Senate. I submit to him in all fairness and candor whether in his judgment it is not better that that Senator in charge of the Committee on Post-Offices and Post-Roads should give his attention to an investigation of this whole question, with a view of reporting a general bill at the beginning of the next Congress, so that we may legislate intelligently upon the question?

The PRESIDING OFFICER (Mr. PASCO in the chair). The hour of 2 o'clock having arrived, it is the duty of the Chair to lay before the Senate the unfinished business, the title of which will be stated.

The SECRETARY. A bill (H. R. 4609) to establish a uniform system of bankruptcy.

Mr. BLACKBURN. I ask consent of the Senate that the unfinished business just stated from the desk may, without prejudice, be temporarily laid aside, and that the Senate continue the consideration of the Post-Office appropriation bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

Mr. VILAS. Mr. President, I had it in purpose to have undertaken what the Senator from Illinois asks earlier during this Congress. I do not care to ask now for any vacation authority, for the name applied to that is not very agreeable; but every Senator knows that it was hopeless during either of the last two sessions of this Congress to bring in any measure of this kind.

Mr. CULLOM. The coast will be clear next December.

Mr. VILAS. I hope it may be; but I suppose, perhaps, somebody else will have charge of the subject.

I want to make another answer also to the Senator from Illinois, and to call the attention of the Senate to the difficulties of the situation. This is no new suggestion. In 1874 the Senate authorized a committee to take this whole subject under inquiry, and that committee made a report of some value, but resulting in no legislation. Again, the act of July 12, 1876, created a commission for the purpose of examining the subject of the transportation of mails by railroad companies. That commission was to report to Congress at the commencement of its next session such rules and regulations for such transportation and rates of compensation therefor as shall in their opinion be just and expedient, and enable the Department to fulfill the required and necessary service for the public.

That commission was not able to do its work in a satisfactory manner within the period named, and the time was extended by the act of March 3 of the following year. Failing to agree in their conclusions after that examination, a minority as well as majority report was submitted, and nothing resulted of value to the public.

Again, there was a commission of officers of the Department appointed in 1883, and they submitted a project for a law to Congress. It amounted to nothing; Congress took no step in reference to it.

Now, I will call the attention of the Senate as briefly as I may be permitted to the exact point of the amendment which I propose, the reasons for its adoption, and to what I think may be some of the benefits which will follow. I ask that this amendment may be read from the desk. It is designed to take the place of the amendment of the committee, but I suppose, under the rules adopted for procedure on this bill, it can not be offered as an amendment now.

The PRESIDING OFFICER. The amendment will be read for information.

The SECRETARY. In lieu of the committee's amendment it is proposed to insert:

And the Postmaster-General is hereby authorized and directed, instead of leasing from time to time as the conditions of the service will permit, to procure by purchase the necessary post-office cars required by the service on any and all lines, and thereafter to cause the same to be provided with all needful supplies, to be kept in good order and repair, and to be drawn and operated upon any railroad which shall, under his direction, be engaged in mail transportation, and for such operation to pay the rates now provided by law for mail transportation by railroads; and every company, corporation, receiver, or other person operating any railroad which is a mail route of the United States shall transport such cars accordingly upon and in connection with all such of its regular trains as the Postmaster-General shall direct; and the Postmaster-General may, in his discretion, make purchase of such post-office cars directly from any owner thereof without advertisement, or may contract for the construction of the same; and may also make contracts for the supply, cleaning, and repair of such cars with any company, corporation, or persons, or may make other provision therefor; for which purpose he may use any part of the foregoing sum or such further sum as may be found necessary, not exceeding five hundred thousand dollars.

Mr. VILAS. Mr. President, I first call attention to the methods of compensation of railroad companies under existing law. Section 4002 of the Revised Statutes provides:

SEC. 4002. The Postmaster-General is authorized and directed to readjust the compensation hereafter to be paid for the transportation of mails on railroad routes upon the conditions and at the rates hereinafter mentioned.

Mr. BATE. What is the date of that act?

Mr. VILAS. It is a provision incorporated in the Revised Statutes from the act of 1873. It continues:

First. That the mails shall be conveyed with due frequency and speed—

I ask the particular attention of Senators to this—

and that sufficient and suitable room, fixtures, and furniture in a car or apartment properly lighted and warmed, shall be provided for route agents to accompany and distribute the mails.

Second. That the pay per mile per annum shall not exceed the following rates, namely: On routes carrying their whole length an average weight of mails per day of 200 pounds, \$50; 500 pounds, \$75; 1,000 pounds, \$100; 1,500 pounds, \$125; 2,000 pounds, \$150; 3,500 pounds, \$175; 5,000 pounds, \$200; and \$25 dollars additional for every additional 2,000 pounds, the average weight to be ascertained, in every case, by the actual weighing of the mails for such a number of successive working days, not less than thirty, at such times, after June 30, 1873, and not less frequently than once in every four years, and the result to be stated and verified in such form and manner as the Postmaster-General may direct.

These governing weights are to be ascertained by daily weighing the mails during a period of thirty days every four years. Now, I particularly ask the attention of the Senator from Illinois to the fact that the law which fixed that rate of compensation provided that the railroad companies should carry the route agents.

Mr. CULLOM. Of course.

Mr. VILAS. And yet the Senator from Illinois argued the other day, as a reason why the railroad companies should be paid extravagant prices for the use of their postal cars, that they had to carry the route agents.

Mr. CULLOM. The Senator, I hope, will not misrepresent my position. I am sure he will not do so intentionally.

Mr. VILAS. Certainly not.

Mr. CULLOM. I made no argument in favor of extraordinary or extravagant prices for carrying the mails. What I said was that one of the elements which entered into the question of rates for carrying the postal cars over the country, making traveling post-offices of them, was the fact that the law required that the railway postal clerks should be transported, that they were regarded as passengers, and that the common carrier or railroad was liable for damages for injury to them as passengers, etc. So there is no disagreement between the Senator and me as to what the law is. I am not, however, arguing for extravagant prices under any circumstances.

Mr. VILAS. I did not intend to intimate that the Senator from Illinois would argue for extravagant prices in any other sense than, as I think I shall presently show, that the payment of the prices for postal cars are unnecessarily extravagant.

Mr. CULLOM. Does not the Senator agree, if the railroads of the country transport six or seven thousand of these men during the year on postal cars, that that ought to be taken into account in fixing the prices for the transportation of the mails in those cars?

Mr. VILAS. I shall make my answer to that proposition a little clearer if I wait for a few minutes until I call attention to another matter. I only want now to call attention to the fact that the statute which fixed the compensation for the transportation by railroads of mails by weight requires the railroad company to furnish the cars properly lighted and warmed and to carry the route agents to accom-

pany and distribute the mails. So the whole question of the compensation to the railroad companies for the carrying of the route agents is embraced in this general statute for the transportation of the mails, which also requires the railroad companies to provide the cars.

Now, let me observe another thing. The rate of compensation fixed in this statute has been twice reduced by Congress. By the act of July 12, 1876, it was reduced ten per cent, and by the act of June 17, 1878, another reduction of five per cent was made. Now, on the subject of the postal cars, the statute says:

SEC. 4004. Additional pay may be allowed for every line comprising a daily trip each way of railway post-office cars, at a rate not exceeding \$25 per mile per annum for cars 40 feet in length; and \$35 per mile per annum for 45-foot cars; and \$40 per mile per annum for 50-foot cars; and \$50 per mile per annum for 55 to 60-foot cars.

It will be observed that this pay for post-office cars is superadded by the statute to the entire pay for the transportation of the mails by railroads, for which alone it requires them to furnish cars warmed and lighted and to carry the route agents.

I admit, as the Senator from Illinois suggested, that it is one of the elements of consideration in fixing the rate to be paid the railroad companies that they carry route agents; and also that the companies are liable for injuries happening to the agents upon the same principles which govern the case of injuries to passengers; but if the Senator from Illinois would once take a ride in the postal cars with the postal clerks he would recognize that it is a far different thing from passenger transportation to perform the work they do, and suffer the discomforts which they endure. The railroad companies give no passenger carriage to the postal clerks or route agents.

Let the Senator from Illinois, however, remember another thing also. Every other species of freight which requires the accompaniment of human service is by the railroad companies permitted to be so provided. If live stock are to be carried on through freight trains, some man is permitted to go with the animals to take care of them. So dangerous or perishable freight which requires attention en route is accompanied by a man to look after it.

Let me observe another thing; that the rate of compensation fixed in the statute which I first read is sufficiently large to compensate the railroad companies for transporting the mails and the cars they furnish for it at a better rate of compensation than any other freight they carry, substantially, I think, without exception. If there be any exception it is perhaps in the case of the precious metals or some rare objects of that kind. Generally the statement is perfectly safe that the mails are the best paying freight of the railroads, pound for pound and service for service, and that without separate postal car compensation.

Let us see what is the postal car compensation. After we have fixed terms to the railroad companies in general by this statute, which requires them to furnish cars, we have added for the benefit of some this special provision. What does it do? Such of the railroad companies as have large mail carriage may obtain the advantage of this annual rent for the use of the post-office cars they furnish, but such of the railroad companies as have not the large carriage (and can not therefore furnish the post-office cars, because the Postmaster-General will not accept the use of them) will get no such rent; and yet, strangely enough, the very railroad companies which are doing the best in the mail carriage for the United States are the companies which are carrying the great share of the mails. Those companies which are deriving great benefits from the mail service of the United States are by this statute permitted to have rent for their cars, while those which do a comparatively unprofitable service, by reason of its being smaller, have no compensation at all for the car space furnished. This causes trouble; it causes controversy with the Department continually and vexation and annoyance.

Let me illustrate. The Senator from New Hampshire [Mr. CHANDLER] wanted to know whether at any time the Postmaster-General during the former Administration of Mr. Cleveland reduced the railway pay by reason of the discretion allowed by law. Mr. President, I found that in the postal service there were paid to a considerable number of railroad companies, the greater share of them in New England, New York, and the eastern line of States, which did not carry a sufficient quantity of mail to entitle them to post-office cars, regular annual rates of rent for room in cars set apart for the use of the service, without a line of law warranting or authorizing it, and I took the liberty of executing the law and cut off more than \$80,000 a year so paid to the railroad companies under those circumstances. I had for a result that one of the railroads—the Old Colony Railroad Company in Massachusetts—refused to carry the mails for a time.

Mr. HAWLEY. Will the Senator permit me to ask him whether, when he was Postmaster-General, he did not have abundant discretion to correct that evil? He says that he did correct it. I want to know how the legislation proposed here is going to make any change in that particular matter?

Mr. VILAS. I was simply specifying one case of action taken. Let me mention another. The statute with respect to railroad compensation by weight fixes the maximum limits and the successive

gradation in the steps of compensation. In the Post-Office Department, during that time, an effort was made to change the practice of allowing maximum pay in each grade. The troubles of which I have just spoken have grown up during a good many years, and so, on the other hand, the practice was as well fixed in the Department as anything could possibly be, of paying to every railroad company the maximum rate of compensation fixed for its class. There was an especial reason for doing that in the case of the smaller roads.

In one aspect of it there was an especial justice about it, because they got so much smaller advantage by the service. But it was argued that the Postmaster-General had no right to alter a practice that Congress had recognized as fixed under its law by repeated appropriations based upon the estimates, computed on the theory that the compensation should be paid at the maximum rate. However, the attempt was made, and in part executed, to reduce that compensation so far as possible, and the discretion, which the law seemed to require the Postmaster-General to exercise, was attempted by gradual steps to be exercised, and in a number of instances the gradation was effected. But necessarily it would require a long time to adjust all, besides being very difficult; and I understand that since they have gone back to the old practice.

Mr. HAWLEY. I understand that now the railroad companies claim—and the claim is granted—that they are entitled to pay by the scale provided in the statute. The Post-Office Department is not obliged to give them that compensation; it can make it as much cheaper as it pleases; the Department has absolute discretion. It is proposed by this amendment to the bill to take away the maximum limit which is provided in the statute, and it is thought that the Postmaster-General can do the business much more cheaply if there is no power to limit him, if he is allowed to pay twice what he pays now—he may not want to do it, but he can—and that it will enable him to do the business more cheaply. That is the logic of this amendment.

Mr. VILAS. The distinguished Senator from Connecticut is speaking about one thing, and I am speaking about another. I am speaking about the amendment I intend to propose. But let me say to the Senator from Connecticut that the amendment of which he speaks has been altered, so that it is no longer subject to the criticism he is making upon it.

Mr. HAWLEY. If the Senator will pardon me, I notice that the essential thing has not been touched. It is proposed to put \$3,205,000 in the hands of the Postmaster-General to use absolutely at his discretion, and the fact that you adopt a clause repealing the statute practically ends it. That has nothing to do with the question.

Mr. VILAS. I am not speaking of that.

Mr. HAWLEY. The law is practically repealed by that statute giving to the Postmaster-General unlimited and unrestrained discretion.

Mr. VILAS. I am not debating that amendment, for I wish to substitute mine for it. I am opposed to it as it stands if I can accomplish something better.

Mr. PLATT. May I ask the Senator a question?

Mr. VILAS. Certainly.

Mr. PLATT. Does this \$3,205,000 which this item carries refer only to railway postal cars?

Mr. VILAS. That is all.

Mr. PLATT. It does not refer to the carriage by weight nor to the cars which have sections fitted up in them?

Mr. VILAS. No, sir.

Mr. PLATT. It is all for postal cars?

Mr. VILAS. It is all for post-office cars.

Mr. PLATT. Yes.

Mr. VILAS. And the car, in order to be within the terms of the law, must be of the minimum length of 40 feet and not over 60 feet.

Just a word further in answer to the Senator from Connecticut [Mr. HAWLEY], who asks, Why should not the Postmaster-General reduce the rates? Let me observe that the Postmaster-General has submitted here an estimate to this Congress of the amount necessary to be appropriated in order to pay every line of post-office cars during the next fiscal year the maximum rates according to the scale provided in the statute, and a sufficient additional amount for the probable extension of the post-office car service in that way. Now, if Congress appropriates it with what force can the Postmaster-General withstand the demand of the railroad companies, when they say, "here is the money appropriated for this very route estimated by you to Congress, your estimate approved, and the money put in your hands to pay it?"

Mr. HAWLEY. Mr. President, I am astonished to hear an ex-Postmaster-General talk in that way. He knows that he exercised the discretion; he knows that that statute is not a command—in no sense is it a command—to pay that precise sum of money. It is the duty of the Postmaster-General to have the service performed as much more cheaply as he possibly can, provided it is well done, and he would be unfaithful to his trust and deserving of public censure if he did not do it. It is the flimsiest pretense to claim that he is bound by that calculation in the statute.

Mr. VILAS. I wish the distinguished Senator from Connecticut, and the more because of his great abilities, could occupy that position for a while, and try to carry on the mail service under a law

giving him no power to compel the transportation by the railroads of the United States while he took away the compensation which his predecessors in office had been paying since the statute was enacted, and which Congress appropriated for the purpose.

Mr. HAWLEY. If the Senator will pardon me again, they propose to continue doing that exact thing. This bill does not propose to change that law. It only gives a wider discretion, and therefore there is a wider field over which the contractor can chase the Postmaster-General.

Mr. VILAS. The distinguished Senator from Connecticut speaks in that observation to the amendment which mine antagonizes. I am saying that so long as the statute remains, and so long as Congress continues to appropriate the full amount upon estimates based upon the full amount, the Postmaster-General will be sure to find himself in a position where he can hardly exercise the discretion which originally, perhaps, may have been intended to have been given to him.

Mr. HAWLEY. The Senator from Wisconsin himself did that.

Mr. VILAS. When I was Postmaster-General I did in some cases exercise it so far as it was possible, but you can not reduce the compensation over established routes except by law. It is practically impossible to be done. If Congress, abdicating their proper function, insists upon continually casting words of discretion upon an executive officer, while at the same time they make the appropriation at the maximum rate, they can not expect, and never will receive, any satisfactory exercise of discretion on his part by which the compensation is cut down. It is unreasonable to put any such burden upon an executive officer with all he has to endure; and the result can not be other than what it ever has been.

Mr. ALDRICH. Will the Senator from Wisconsin allow me?

Mr. VILAS. Certainly.

Mr. ALDRICH. I understand the Senator from Wisconsin to say that it is impossible for any Postmaster-General to pay anything less than the maximum sum provided by law.

Mr. VILAS. Oh, no.

Mr. ALDRICH. Then I misunderstood the Senator from Wisconsin.

Mr. VILAS. I shall have to restate what I said. I say this: Take a single instance. Upon a single line of railroad a certain number of cars of a certain character have been established for years and the company has been paid a regular rate of compensation. The Postmaster-General estimates to Congress for the payment of that amount to the railroad company for the next fiscal year. Congress makes the appropriation. That Postmaster-General can not but feel himself bound to follow the example set by his predecessors and approved by the repeated and renewed appropriations of Congress. He would be undertaking more than any man would feel that he had the right to undertake to overthrow all the judgment of his predecessors in office, fortified and supported by the judgment of Congress in the appropriation. It is unreasonable, I say, to expect that that will ever be done. But, let me add, that in the case of new service, in the case of service where the compensation has not become so fixed, it may be possible to make some changes and to exercise this discretion. To some extent I undertook to exercise it, but with great controversy, quarrel, and difficulty, I am bound to say.

Mr. ALDRICH. As I understand the Senator in the statement which he now makes, the Postmaster-General is precluded by his own action from exercising that discretion in regard to the rate of pay; that he makes an estimate which he sends to Congress, and then he feels bound to carry out the estimate which he himself has made. I suggest that possibly a Postmaster-General, if he thought the prices were too high, might reduce the estimate in the first instance, and exercise the discretion there and not cut himself off from exercising, in the public's interest, a wise discretion, which the Senator from Wisconsin thinks ought to be exercised.

Mr. VILAS. If I am to debate this question upon verbal distinctions and qualifications of the sort suggested by the Senator from Rhode Island the discussion would be protracted to very great length and would be of no profit whatever. Every man familiar with the operations of the Government knows that a Postmaster-General would be wanting in his duty if he did not submit in his estimates the expectation that the rates theretofore paid for similar service would be continued by Congress, at least enabling Congress to make the appropriation in accordance with the estimates.

Mr. MCPHERSON. May I ask the Senator from Wisconsin a question?

Mr. VILAS. With great pleasure.

Mr. MCPHERSON. I should like to ask the Senator how he proposes to manage the post-office carrying business after the Government has purchased the cars?

Mr. VILAS. I have not yet reached that point. If the Senator will give me a few moments I will soon explain that to him.

Mr. President, after having shown, as I have, that the entire post-office car compensation is superfluous beyond what the statute in relation to the transportation of the mails provides, that it is given to those companies which by reason of their enjoyment of a greater share of the service, a most profitable share, ought rather to furnish the car space than the others, that is not given to the weaker com-

panies, then I wish to draw attention to the rate which is paid every year for the rent. But it occurs to me that before I do that I should call the attention of the Senate to the very great number of railroad routes in the country upon which there is no post-office car service.

If Senators will take the last report of the Postmaster-General and look on page 184 and the following pages, they will find extending over more than 120 pages a table of the routes upon which the mail is carried by railroads, and in columns along the table they will find the routes upon which the post-office cars are drawn. They will see that there are comparatively but few of these routes which enjoy the benefit of this extra compensation.

Mr. PLATT. For the purpose of information I should like to ask a question. I have been trying to ascertain by consulting the statutes whether the two reductions of 10 per cent and 5 per cent applied to the rates paid for the postal railway cars or simply to the amount paid for transportation according to weight?

Mr. VILAS. They applied only to the amount paid for transportation by weight.

Mr. PLATT. That is what I thought.

Mr. VILAS. I intended to call attention to that fact because the Senator from New Hampshire [Mr. CHANDLER] seemed to be in some misunderstanding in his remark that the Senator from Kentucky [Mr. BLACKBURN] now proposes to superadd a third reduction of 10 per cent. The proposed reduction now offered by the Senator from Kentucky would apply to the compensation for post-office cars only, whereas the two reductions heretofore made applied to the compensation by weight only, and not to the post-office cars.

Mr. CHANDLER. Then may I ask the Senator from Wisconsin whether the rates fixed by the Revised Statutes are now the maximum rates for postal-car service?

Mr. VILAS. Yes, sir; they are.

I will next ask the Senate to observe how much we pay annually for the rent of these cars. I caused a very careful inquiry to be made in the year 1887 by officials of the Department who were expert in railroad matters, and in all the circumstances of railroad operation. At that time the railway post-office cars of the country had not reached the stage of improvement which they have now reached, although nearly so. The old cars, originally constructed, many of them having been in service a great number of years, were still then in service. Many of them were old, of course, and of poorer design than those which have since been built, for in that branch of the service, as in every other, improvement is continually taking place.

At that time my inquiries resulted in information which showed that there were 432 post-office cars in the United States, of which but 342 were in ordinary use and 90 in reserve on different lines; that the highest-priced car then built could be constructed for \$4,600; that the average cost would be highly estimated at \$3,500. So the entire cost, the total value of every post-office car in the United States would be not more than \$1,600,000. It was ascertained that \$60 a month per car was entirely sufficient on the average for cleaning, heating, lighting, supplies of oil, ice, dusts, scrub brushes, soap, lamp-fixtures, pails, and all other minor articles of daily use, with all necessary repairs, all necessary labor for their care. Thus the total cost of the cars in the service, and the entire cost of operating all of them for a year was but \$1,846,240. Yet Congress appropriated upon that report \$2,000,000 for the rent of post-office cars during the following year.

Mr. PLATT. Was the appropriation made simply for the rent of post-office cars?

Mr. VILAS. It was for compensation for the use of post-office cars.

Mr. PLATT. But the Senator from Wisconsin does not include the hauling of them.

Mr. VILAS. The Senator from Connecticut perhaps did not hear that the statute provides for that in the compensation by weight, and also for the cars themselves, for lighting them, carrying the route agents and performing the whole service, and that this is in addition to that compensation.

Mr. ALLISON. May I ask the Senator from Wisconsin whether the section relating to the use of postal cars was not a part of the same law that fixed the compensation of which he now speaks? In other words, was it not a total adjustment of the method of reaching compensation for the transportation of mails? It was all one law and all one statute, and so intended to be, as I understand.

Mr. VILAS. I have not in mind now the dates of the laws fixing the transportation for mails, but my remembrance is that the law fixing the transportation for mails by weight existed before the law for additional compensation for post-office cars; and that the latter was one of the superadditions sometimes put on our laws without sufficient consideration; but now both those laws are found in the Revised Statutes, and therefore they appear as if they were in the same statute and perhaps might appear to have been enacted at the same time. I think by reference to them the Senator will be able to ascertain. Section 4004 is the statute in regard to post-office cars, and section 4002 is in respect to compensation by weight.

Mr. ALLISON. I will say to the Senator from Wisconsin that my recollection is that this is all part of the same law. We can ascer-

tain the fact; and I think it is a matter of some importance in this connection.

Mr. VILAS. I appreciate that there is certain importance in it, and the Senator may be correct in regard to it. I will not undertake to say that he is not.

Mr. ALLISON. Sections 4004 and 4002 are part of the same statute, as shown by the margin on the Revised Statutes.

Mr. VILAS. That is true, but that statute was itself a revision of previous laws. It was the act of March 3, 1873, and the Senator knows very well that was not the first provision making compensation to railroads.

Mr. ALLISON. But I call the attention of the Senator to the fact that the act of March 3, 1873, made provision for the transportation of mails, first, by the provision carried into section 4002 and, secondly, by the provision carried into section 4004, so that those two sections of law taken together, as I understand it, formed the method whereby the Postmaster-General should fix the compensation for the transportation of mails. That is the point I make as respects the matter.

Mr. VILAS. I appreciate the point perfectly. I think still that the Senator is in some error as to the history of it, if the act of March 3, 1873, was a revision of laws that had been previously passed.

Mr. ALLISON. If the Senator will allow me one word more, my recollection is that the statute was passed after a report made by a commission of experts who took into consideration the question of weight, space, and speed, and in order to include those three elements in the transportation of the mails the three provisions that are now found as part of the Revised Statutes were enacted. Therefore it was not a pulling over of an old statute, but a statute intended to cover the whole subject of the transportation of mails. That is at least my recollection about it.

Mr. VILAS. The Senator from Iowa may be correct, and I should not undertake to dispute with him a recollection of so ancient a matter; but I will take occasion to examine and find out. It is a singular thing, if this statute was so enacted in response to a commission, that the very next year after it was enacted the Senate directed its own committee to make a new inquiry, as it did in 1874.

But it does not make any substantial difference whether those statutes were enacted together or not. I should like to have the attention of the Senator from Iowa to this point. No matter whether they were enacted at the same time or not, the injustice of giving this particular extra compensation to those railroads that enjoy the very best advantage of the postal service, is none the less obvious, for it is only the railroads that have the larger slice of the public service, so to speak, that are enabled to put on post-office cars at all. They get the lion's share of the compensation paid by the Post-Office Department.

Now, in order to show how much we are paying still under the idea of rent for the post-office cars, let me call attention to figures furnished me by the Superintendent of the Railway Mail Service at the present time, Captain White, a gentleman of very considerable experience who has been for many years in that service. He was chief of a division, with headquarters at Chicago, during the time I was Postmaster-General, and had been for many years before. He gives me these facts:

The total number of cars now owned by railroads for post-office car service in the United States is 740.

The number of cars in ordinary use is 560, leaving the number in reserve 180.

Of these 740, the number of cars 40 feet in length and under 50 is 174; the number 50 feet in length and under 60 is 251; the number 60 feet in length is 315.

The cost of the cars ranges from \$3,200 up to \$4,500, and the last car that was built, having a number of modern improvements, including steam heat, compressed gas, with the vestibule feature added, upon which there is a patent, cost \$5,250. He gives me the average cost of the cars now furnished at about \$3,500 per car, making a total for 740 cars of \$2,590,000.

Now, he gives as the result of careful inquiry on his part in railroad circles certain figures of operating expense—they are railroad figures not his own, and are very high figures it seems to me—in which the average cost per car per annum for light by compressed gas is \$276 a year. The average cost per annum for lighting 560 cars at that rate would be \$154,560.

The average cost per car per annum for heating is \$365. There can be no possible question about the extravagance of that estimate.

Mr. HAWLEY. How much?

Mr. VILAS. Three hundred and sixty-five dollars a year for heating cars, when heat is only necessary during a few months in the year.

Mr. HAWLEY. I think if the Senator will count up what he is paying out for his own house these days he can come pretty near it.

Mr. VILAS. That is quite a different thing; a postal car has but one room.

The aggregate cost for heating per annum of 560 cars at that rate would be \$204,400.

The average cost per car per annum for repairs is \$350, and that is

a high estimate. The aggregate cost per annum for repairing 740 cars at that figure is \$259,000.

The average cost per car per annum for cleaning is \$365. The average cost of these 500 cars at that rate is \$204,400, making the annual cost of maintaining the 740 cars, the heat, light, cleaning, and repairs, as against all accidents and necessities, \$822,360.

Mr. HAWLEY. Will the Senator from Wisconsin pardon me? Mr. VILAS. Certainly.

Mr. HAWLEY. Does the Senator count there the service of the brakeman, the conductor, the engineer, the fireman, and the hands at all railway stations, and does he make any allowance whatever for the bondholders and stockholders, and for speed?

Mr. VILAS. I have already called attention to the fact that the statute of the United States providing for compensation by weight requires the cars to be run with all due diligence and speed, to be properly lighted and warmed to carry the route agents who accompany the train and distribute the mails, and all for the weight compensation paid; and that this is a sheer addition. Now, without repeating the figures again, I will call attention to the fact that the addition of annual rent is enough to maintain those cars every year four times over.

Mr. HAWLEY. If the Senator will pardon me again—he is very good about yielding—I criticize his figure “four times over.”

Mr. VILAS. Let us see. It costs annually \$822,000, by these high estimates, while we are appropriating \$3,205,000; which is pretty near four times.

Mr. HAWLEY. Let me make my little point.

Mr. VILAS. Certainly.

Mr. HAWLEY. I hold that the citizens of the United States generally, the freight payers and passengers, pay fully as large a proportion as the Government does. The gross receipts of the railroad system of an ordinary year, in ordinary times, are very far more than enough to renew the whole rolling stock in one year. That must be the case, because they have a great many things to pay for besides the original cost of the rolling stock and the cost of running the road. There will occur to the Senator in a moment innumerable instances of fixed charges outside of these. The roads have to get enough out of the general public and out of the United States to pay not only for the cost of the cars, but for the hundred other things that are tabulated in the annual returns.

Mr. VILAS. Everybody must understand that.

Mr. HAWLEY. I thought the Senator did not make use of his knowledge. I did not doubt the extent of his knowledge.

Mr. VILAS. But let me ask the Senator from Connecticut if he does not think that that was somewhat understood when the rate of compensation by weight was fixed?

Mr. HAWLEY. No.

Mr. VILAS. I think it was, especially as Congress, when it fixed the rate of compensation by weight, required all this to be done. What I am showing is simply that this is a mere superaddition to the rate of compensation which Congress fixed as sufficient for the cars, lighting, heating, keeping clean, and repairing and running them as they ought to be run, with due diligence and speed.

Mr. HAWLEY. Pardon me again. If that be true he was a very bad Postmaster-General who applied that construction.

Mr. VILAS. All practically have pursued it. But, Mr. President, how much more culpable than the Postmaster-General is Congress when he continually reports to Congress the facts and gets no aid and support in his efforts to correct the evil?

Mr. ALDRICH. I should like to ask the Senator from Wisconsin a question for information.

Mr. VILAS. Certainly.

Mr. ALDRICH. The Senator from Wisconsin is, I understand, chairman of the Senate Committee on Post-Offices and Post-Roads, and has been for some time. He has been for a number of years a member of that committee.

Mr. VILAS. I have been on the committee only during the present Congress.

Mr. ALDRICH. Has the Senator, on that committee, ever prepared and reported a bill to change the condition of affairs which he suggests?

Mr. VILAS. If the Senator from Rhode Island would only have remained in his seat it would not have been necessary to have again answered a mere ad captandum suggestion, which has already been made in the Senate and fully discussed. I ask the Senator from Rhode Island if he remembers a good time during the extra session of 1893 or during the discussion of the tariff bill in the last session of Congress to take up this subject for consideration? I did bring it to the attention of the Senate at the last session, when the post-office appropriation bill was under consideration, and, as I said this morning, the Senator from Ohio [Mr. SHERMAN] then suggested that the subject should be brought again to the attention of the Senate.

Mr. ALDRICH. I do not remember that the Senator from Wisconsin indulged in discussion at any great length upon the tariff bill or any of the other bills which he has suggested. It seems to me that his time, and the time of his committee, was not so thoroughly occupied during that period but that if this was a matter of such great importance they might have prepared a measure which would have saved the Government some money.

Mr. VILAS. The Senator from Wisconsin, like a great many others who wanted to see something done, was obliged to help make a quorum here to listen to the Senator from Rhode Island dissipate the public time.

Let me give the rest of the figures furnished by Superintendent White. They show the average cost of maintaining cars in use per car per annum to be \$1,356; which I believe much beyond the fact. But, on that basis, the annual cost of maintaining the cars in use was \$759,360. He adds to the cost of maintaining the 740 cars now furnished the maintenance of 50 additional cars which may become necessary during the fiscal year ending June 30, 1896, which makes the total outside cost of maintenance for the fiscal year ending June 30, 1896, to be \$890,160.

The appropriation for the next fiscal year was \$3,105,000 as the bill came from the House of Representatives, and it is proposed now to increase it to \$3,205,000. Deducting from this all the cost of maintaining and operating those 790 cars, \$890,160, and we have \$2,314,840 left out of the appropriation proposed to be made, which sum is to be thus turned over to the railroad companies for the use of cars that cost but two or three hundred thousand dollars more, at most, in addition to their full pay for carrying the mails by the same scale of compensation all others receive.

Now, Mr. President, say what we will in regard to the rate of compensation to railroads, as to what shall enter into the reckoning and what not, I claim that a statute which provides for paying to these railroads which enjoy the best of the mail service the full value, or nearly the full value every year of their cars, in addition to the cost of operating them, while others in much greater number are compensated only by the weight scale of pay is unjust and unfair, as well as wrong to the people.

Mr. HAWLEY. Will the Senator pardon me again? It seems rude, but this conversational form is not a bad method of debate.

Mr. VILAS. I am not trying to do more than present these figures to the Senate with necessary inferences.

Mr. HAWLEY. I understand the Senator to say that we have been going on in a wasteful and extravagant way in this matter. Yet we have certain restraints, certain laws, beyond which a Postmaster-General can not go, and railroad companies can not demand anything. I understand the pending amendment to intimate that the business of the Government will be very much bettered indeed if every restraint be removed and the Postmaster-General be left free. Suppose in this bill, instead of mentioning any sums of money or referring to Title XLVI, No. 10, we say that the Postmaster-General is hereby directed and instructed to take charge of the carriage of all the mails of the United States under the best terms he can negotiate. That is the only way to escape the effect of the limitations. Now, if the Senator will pardon me, the Senator from Kentucky seemed to resent the idea that any Postmaster-General could abuse a discretion given here; but that same argument would support absolute despotism. The Czar will answer: You do not suppose I would abuse it, do you?

Mr. VILAS. The proper thing to do, if you repose such a discretion as that in the Postmaster-General, is to invest him with a certain despotic power—power to compel the railroads to carry the mails for a just compensation.

Mr. HAWLEY. And bring in his bill.

Mr. VILAS. If a Postmaster-General of the business ability of the present head of the Department, or with the business ability of the heads of the express companies in this country, could have that authority granted him he could save from five to ten million dollars a year in expenditures for carriage of the mails on railroads.

Mr. HAWLEY. Then let us put up the office of Postmaster-General to the lowest bidder and see who will run it for the least sum of money.

Mr. VILAS. If the Senator from Connecticut thinks that is a good way to do it and will offer an amendment to the Constitution of the United States for that purpose he will probably arrive at the judgment of mankind on the question.

Mr. HAWLEY. But not on an appropriation bill.

Mr. CAREY. I wish to ask the Senator from Wisconsin a question. We are very much interested in the West in maintaining our mail service. Our mails are carried very largely on land-grant railroads which do not receive as much by one-fifth as the other roads for carrying the mails. Now, including the compensation which they receive for the postal cars, does the Senator consider that the railroads are receiving too much for the transportation of the mails?

Mr. VILAS. Some of them receive a great deal too much and some, possibly, too little, though less likely. I do not know how it is in the particular case of land-grant roads. It must be borne in mind that the land-grant roads took a share of their compensation in advance when the land grant was given.

Mr. CAREY. However, their mail pay to-day, so far as our rapid service is concerned, is determined entirely by weight and the small compensation the roads obtain for hauling the postal cars.

Mr. VILAS. They are paid just as all the rest, save one-fifth allowed for their land grant.

Mr. CAREY. As I said yesterday, we obtain all our fast mails in the West by weight, and that is obtained by diverting mail from other parallel lines of railroads to one or two mail lines. By that means we obtain our fast-mail service. Now, if it was divided or

attempted to be divided between two railroads we would not have any fast-mail service, because there are no two railroads, as I understand, running across the continent that would carry the mail on the basis of half of the present weight and what is allowed for postal cars. It is very important to us that our fast-mail service should be maintained in the West, and we labor under the disadvantage that we happen to have land-grant railroads.

Mr. VILAS. I do not discover that there is anything in the suggestion of the Senator from Wyoming that requires any answer. The importance of the fast-mail service to that part of the country and to all active business pursuing parts of our country everyone admits. This question does not enter into that consideration at all.

Mr. CAREY. It does if it reduces the compensation of railroads.

Mr. VILAS. So it was said. That was one of the troubles that fell upon me when I happened to occupy that Department. It was said that they would not carry the mails if I enforced the law which requires a reduction of one-fifth of the land grant roads. Notwithstanding, the law was enforced, and they carried the mails. We can make the law so that it shall be just and right, and that the roads will have a full and fair compensation. I am making no sort of attack upon railroads or taking ground against a fair compensation. They ought to have it. Those which do a large service should receive compensation in proportion to the service rendered. But the thing we have that I am attacking is entirely unjust, unfair, unequal, and bears with heaviest inequality upon the smaller roads.

Mr. CAREY. Do I understand the Senator's amendment to simply mean that the Government is to furnish all the cars, all the appliances of the cars, the heating and lighting, and not pay the roads any extra compensation above that which is received on the—

Mr. VILAS. The Senator from Wyoming is anticipating what I should long since have reached and passed but for the various interruptions I have met in explanation of the ground we have gone over. I wish to finish with the figures which show what we are paying.

The Superintendent of the Railway Mail Service adds to his figures the cost of maintenance and the value of the cars to be purchased, the cost of 50 additional cars at \$4,000 each; and he then estimates that the cost to the Department for the first year after the

law became effective would be \$3,680,160, which would be \$475,160 in excess of the amount now proposed to be appropriated. But at the end of the year the United States would own the cars instead of the railroads. It is now proposed to pay them within \$275,000 as much as this would require to transfer the ownership to the United States. Under the present system, after the United States has paid their cost, by the end of the year the railroad owns them; and year after year this is to be repeated.

Now, let me show by some figures how this works out in particular cases: Take the case of the Pennsylvania Railroad between New York, Pittsburgh, Cincinnati, St. Louis, and Chicago. There is a route running from New York to Pittsburgh and then branching west of Pittsburgh to the other three cities named. On those lines the United States paid last year to the Pennsylvania Railroad Company and its dependencies the sum of \$2,039,918.18 for the transportation of the mails upon the weight scale. In addition, for the use of 69 post-office cars, of 60 feet in length, the United States paid \$515,628.50, much more than it would have cost to have built the cars and operated them during the year.

Now, take the service by the New York Central Road from New York City by way of Buffalo to Chicago, over the Lake Shore and Michigan Southern—one direct road from New York to Chicago. It costs \$2,079,741.24 for the weight compensation, and, in addition, for 50 cars 60 feet in length, \$425,660, when the cost of those 50 cars, at \$4,000 a car, their full value undoubtedly, would be but \$200,000. We really paid more than twice the value of those 50 cars in addition to the payment of about \$2,080,000 for compensation by weight for carrying the mails.

We paid the Pennsylvania Company about \$7,473 per car, including all in reserve, and the New York Company \$8,513; both rendering like service. If this is a just system, why the difference?

I will ask leave to print in the Record, in connection with my remarks, the table I have here, which illustrates some of the larger payments, and shall now take no more time on that branch of the subject. Whoever will examine into it will find universal inequality, unfairness, and wastefulness as well.

The VICE-PRESIDENT. Without objection the tables referred to will be printed in the RECORD.

The tables are as follows:

Cost for transportation and railway post-office cars on the routes mentioned below.

Termini.	Route number.	Railroad.	Length of line.	Equipment.		Annual pay for space.	Annual pay for weight of mails.
				Number of cars.	Length of cars.		
					Feet.		
New York and Pittsburgh.....	109, 004	Pennsylvania.....	443	35	60	\$217, 482.50	\$1, 021, 968.73
Pittsburg and Chicago.....	110, 001	Pennsylvania Company.....	468	14	60	88, 958.00	273, 414.75
	131, 002						
	131, 032						
	131, 015						
	133, 002						
Pittsburg and St. Louis.....	133, 044	Pittsburg, Cincinnati, Chicago and St. Louis, Terre Haute and Indianapolis.	621	(*)	(*)	200, 188.00	744, 534.68
	131, 030						
	131, 014						
	131, 011						
Pittsburg and Cincinnati.....	131, 032	Pittsburg, Cincinnati, Chicago and St. Louis.....	813	(*)	(*)	(†)	(†)
	131, 014						
New York and Buffalo.....	107, 011	New York Central and Hudson River.....	439	50	60	219, 780.00	1, 137, 517.31
Buffalo and Chicago.....	131, 095	Lake Shore and Michigan Southern.....	540			205, 900.00	942, 223.93
	131, 007						
St. Louis and Kansas City.....	145, 001	Missouri Pacific.....	283	14	60	70, 800.00	265, 028.11
				4	55		
				7	60		
				2	56		
				1	50		
				4	45		
Boston and Albany.....	104, 025	Boston and Albany.....	203			44, 988.50	256, 082.93
	135, 035						
	139, 002						
Chicago and Minneapolis.....	141, 013	Chicago, Minneapolis and St. Paul.....	423	14	60	97, 850.00	815, 383.68
	135, 007						
Chicago and Union Pacific Transfer.....	143, 005	Chicago, Burlington and Quincy.....	502	20	60	133, 047.00	477, 140.18
Union Pacific Transfer and Ogden.....	157, 001	Union Pacific.....	1, 035	17	60	156, 552.00	712, 353.69
				2	55		
Chicago and St. Louis.....	135, 017	Chicago and Alton.....	235	5	60	28, 070.00	88, 879.45
				5	60		
Detroit and Chicago.....	137, 006	Michigan Central.....	236	1	55	30, 150.50	116, 080.92
	135, 020						
	133, 029						
Chicago and Cincinnati.....	133, 005	C., I., I. & St. L.....	308	6	60	65, 974.00	217, 590.27
	133, 003			2	40		
	164, 035						
Boston, Providence and New York.....	105, 002	New York, New Haven and Hartford.....	293	2	60	53, 206.00	299, 494.85
	106, 004			4	55		
	106, 005						
	104, 025	Boston and Albany.....	235	4	60	44, 988.50	256, 082.93
Boston, Springfield and New York.....	106, 005	New York, New Haven and Hartford.....		2	55		
				2	54		
				2	60		
Chicago and Kansas City.....	135, 098	Santa Fe.....	459	1	50	11, 522.50	57, 142.28
				5	60		
Kansas City and La Junta.....	155, 010	do.....	580	8	50	47, 833.90	181, 401.95
	114, 050						
Cincinnati and Washington.....	114, 025	Chesapeake and Ohio.....	703	8	50	29, 937.50	159, 615.33
	114, 005						
	129, 025						

* See New York and Pittsburgh.

† Included in Pittsburg and St. Louis.

Mr. VILAS. Mr. President, the Senator from Wyoming [Mr. CAREY] and perhaps others have asked what we propose for the transportation mail service of the United States. This amendment proposes no revolution; it does not undertake at once to entirely overthrow the present conditions and substitute new; it simply puts in the Postmaster-General's hands power to begin the new order of things, and, step by step, as he can make convenient arrangements, to purchase the postal cars now in service, dealing with the railroad companies as justice requires when they own the cars, and contracting for the construction of cars when he requires new ones.

The Postmaster-General, with the appropriation now made for the rent of these cars, can by the end of the year secure for the Government the ownership of substantially all the post-office cars in the United States; he can secure ownership of a good many more than the 560 postal cars in ordinary use, and have no larger appropriation made than is now turned over to the railroad companies for rent.

Mr. CAREY. The Senator does not propose to allow any additional compensation whatever for the hauling of these cars?

Mr. VILAS. We shall continue to pay the railroad companies the full compensation by weight for drawing our own cars, which we shall light, heat, repair, and care for, which the law requires to be paid for drawing cars to be furnished, heated, lighted, and transported by them. Thus the Government will take off from the railroad companies the whole cost of the car, the cost of lighting, heating, repairing, cleaning, every charge except their hauling, and still continue to pay them the full compensation by weight for transportation. Is not that more than just to the railroads, when others render all the service for the same rate of pay? And what can better show the wrong of the present system, when the year's appropriation, properly applied, can so transform it? Of course, it ought not so to continue, but in the end a better mode be substituted.

Mr. CAREY. The Senator certainly knows that, because of the manner in which the postal cars are fitted up, very much of the space is taken from the car, so that the cars can not possibly be loaded to the extent that the ordinary cars are.

Mr. VILAS. A railway post-office car can be loaded pretty heavily; but what unfavorable difference does it make to the railroad company that the car it is to draw is light? Only the difference in respect to this, that they could perhaps get more weight pay by having heavier weights in the car, but they can get no more weight pay than there is of mail to be carried on the road.

Mr. CAREY. I have no doubt the Senator is very familiar with the interior of the postal cars, as I am, for I have occasionally ridden in them myself, and I think that at least half of the space of the ordinary railway postal car is taken up by the fixtures in the car.

Mr. VILAS. There is no doubt that considerable space is taken up by the fixtures, but the Senator is perfectly aware of the fact that those fixtures are filled with mail, and thus only can the mail be carried. It is the same with all the companies, whether they furnish full post-office cars, or only sufficient space in cars for the mail transported.

Mr. CAREY. But there is an immense amount of mail carried in bulk.

Mr. VILAS. The mail in bulk is in the car also, and there is a particular place for it.

Mr. CAREY. There is an item which has not been alluded to at all by the Senator. In looking up the figures, I find the Government is not to-day paying for the transportation of the route agents, who are carried every day in the post-office cars, the ordinary fare we all pay in riding over the railroads.

Mr. VILAS. I have already spoken to the point of compensation for the route agents. The statute which provides for the compensation by weight, requires the railroad companies to carry these agents as a part of the service to be performed for that compensation.

Mr. CAREY. If the Senator will look at the statute he will find that the Postmaster-General is authorized to allow certain additional compensation on the condition that the railroad companies perform a certain service which is prescribed in the very section which it is proposed to repeal, section 4004 of the Revised Statutes.

Mr. VILAS. That section allows extra compensation for the post-office cars.

Mr. CAREY. That allows compensation in addition to the other. It was intended that the railroad companies should have additional compensation if they would carry a certain style or kind of car.

Mr. VILAS. Precisely. That is just what I am complaining of, that they are allowed the extra compensation when the statute which provides their compensation by weight requires them to furnish the cars.

Mr. PLATT. Before the Senator concludes his argument I should like to call his attention to the fact that twice, if I am not mistaken, we have put in an appropriation bill, and, I suppose at the solicitation of the Postmaster-General, a provision that if a railroad company would not furnish postal cars on the demand of the Postmaster-General, their weight compensation should be reduced 10 per cent. In other words, the Postmaster-General thought it was so essential

to have these railway postal cars that Congress enacted a penalty upon the railroad companies if they did not furnish such cars.

Mr. VILAS. If the Senator had personal experience in the Post-Office Department in dealing with these railroad companies, he would appreciate how very troublesome it is to make all the arrangements necessary for the transportation of the mails all over the United States and on various and different lines of road, aggregating some 175,000 miles in length.

Mr. PLATT. I can imagine what it must be.

Mr. VILAS. The Post-Office Department of the United States employs carriage on as many miles of railway, or very nearly as many—I can not give the exact figures now—as all the rest of the globe beside; and in the management of all those different lines and the disposition of the questions which arise respecting them, the Postmaster-General and his assistant have a severe task put upon their hands. Controversies have arisen, I think induced by the chances offered to rapacity, which led to the enactments referred to.

Mr. McPHERSON. Will the Senator from Wisconsin allow me to ask him a question?

Mr. VILAS. Certainly.

Mr. McPHERSON. Is it not a matter worthy of consideration, that, inasmuch as compensation is allowed by weight, we should take into consideration the question that the postal cars being fitted up, as they are, for the purpose of distributing the mails along the route, afford practically no capacity for more than 5,000 pounds of freight; the car must run over the whole length of the route; and really the compensation received for the transportation will only be upon that portion of the mail weighed and carried. Therefore, it seems to me that the cost of the car and the cost of the maintenance of the car are very small items compared with the hauling of the car with the small amount of mail which it necessarily holds.

The Senator will observe, as no doubt he has observed, that the cars must be very strong and must be very heavy, because no lightly constructed car could be permitted in a rapidly moving train where all the other cars were very heavy and very strong, for, in case of collision or disaster of any kind, such a car would go to pieces. Necessarily the postal cars must conform to the other cars in a rapidly moving train. The boxes and facilities for distribution along the route in a postal car are such that the weight-carrying capacity of a single car is very limited.

I presume the Senator, in his investigation of this matter while Postmaster-General has obtained information which will enable him to give some light upon that subject.

Mr. VILAS. Let me ask the Senator from New Jersey if he does not recognize that every one of the conditions he enumerates attaches to a car in a train with an apartment 30 feet long? A great proportion of the mail transportation of the country, and the mail distribution on cars, is made in apartments in cars varying from ten to thirty feet in length, set apart for the postal clerks. Does not every one of the conditions which he mentions attach to such cars?

Mr. McPHERSON. If the Senator can give me information to satisfy my mind exactly about it, I should be obliged to him. Can the Senator give me the amount of the daily average mail carried, say, between Philadelphia and Chicago, on a postal car?

Mr. VILAS. If the Senator will take the trouble to turn to the table which I will hand him—

Mr. McPHERSON. I did not know but that it was entirely within the recollection of the Senator. I do not ask him to take the trouble to hunt up the information.

Mr. VILAS. I have not the information in mind at this moment.

Mr. McPHERSON. No matter what the weight of mail may be which is carried by each train, by each particular car, supposing it to be 5,000 pounds each day, the car must run, say, from Philadelphia to Chicago. The Senator says that as to the Pennsylvania Railroad Company there were 2,000,000 pounds transported. If, for instance, on the New York Central road the daily outgo of mail was only the small amount of 5,000 pounds, the trip must be made and the car must be run over the entire line.

Mr. VILAS. The Senator perhaps mistakes the rule of compensation. It does not make any difference to the railroad company in respect to its compensation, after the rate has been fixed, whether one pound or a thousand pounds is carried. The weight is fixed by the weighing for 30 continuous days at an average season of the year.

Mr. McPHERSON. I understand that.

Mr. VILAS. And then the average being fixed, the rate is so much per mile per annum.

Mr. McPHERSON. But what I am trying to get at is the amount that is paid the railroad companies per mile upon that mail carriage.

Mr. VILAS. Take 5,000 pounds, and the railroad company would receive \$171 per mile per annum for the entire length of the road. I want to ask the Senator if he does not think that is paying enough?

Mr. McPHERSON. Yes; I think so.

Mr. VILAS. That is the weight compensation I am talking about; the other is this extra, superfluous, and unnecessary compensation, as I think.

Take the case of a railroad drawing a baggage car or an express car

with an apartment for the mail 30 feet long, all these conditions would apply to that; and yet it is not possible for them to have a cent of extra compensation for the car they have furnished. It is only when it is entirely an independent car that it jumps into the privilege of being paid for its use its full cost annually.

Mr. GEORGE. I should like to ask the Senator a question, if he will yield for that purpose.

Mr. VILAS. With pleasure.

Mr. GEORGE. Does the Senator wish to be understood as stating that on the New York Central Railroad the Government pays for the use of its postal cars in one year twice as much as the cost of the postal cars?

Mr. VILAS. Yes. For the use of fifty 60-foot cars, which perform the mail service between New York and Chicago on the line of the New York Central and the Lake Shore and Michigan Southern roads, the Government paid last year \$425,680. Those cars, at an average of \$4,500 apiece—and it would be entirely safe to say they do not cost more than \$4,000 apiece—would amount to \$225,000. That is a little more than half the whole amount. And that was in addition to the payment to the railroad company of \$2,079,741.24 for transporting the mails on that route.

Mr. GEORGE. If the Senator will allow me to ask him another question, is he able to state what is the average business life of one of those cars?

Mr. VILAS. It will last, with proper repairs, from twenty to twenty-five years, unless, of course, misfortune befalls it. I believe there are cars in the service to-day which have been run more than twenty years.

Mr. GEORGE. So that, in fact, if I understand the Senator, we pay annually twice as much for the use of one of those cars as it would cost if we built the car, and it would last twenty or twenty-five years?

Mr. VILAS. I would not assert that the average life of the post-office cars would extend to twenty years. It would be safe to say fifteen years, I think, but upon that subject I am not so surely informed as perhaps other Senators may be.

Mr. ALDRICH. Can the Senator from Wisconsin inform the Senate what are the relative earnings of postal cars and passenger cars upon the railroads of the United States per car per annum?

Mr. VILAS. I am unable to answer the Senator from Rhode Island.

Mr. ALDRICH. It strikes me that it is a very pertinent inquiry. If the Senator undertakes to say the railroad companies are earning too much on postal cars, he should be able to say whether they are earning more or less than they do upon the other cars which are hauled upon the same train.

Mr. VILAS. I can not speak from an absolute knowledge on that subject, but I am very confident that the post-office cars yield a far better return than the other cars owned by the railroad companies, car for car; it must be surely so, when the expense of the car is taken into consideration, for a passenger car costs very much more originally to build and much more to maintain than a postal car.

Mr. ALLISON. Will the Senator from Wisconsin allow me to interrupt him?

Mr. VILAS. Certainly.

Mr. ALLISON. I am induced to make this interruption by the inquiry made by the Senator from Mississippi [Mr. GEORGE] and the answer made to it by the Senator from Wisconsin.

The Senator from Wisconsin argues this case as though we were paying for the rent of cars, which, I think, can not be found as the true rule of compensation derived from the statute. I called the attention of the Senator awhile ago to the fact that this use of postal cars by section 4004 of the Revised Statutes was a part of the compensation and a part of the law. Now, I want to refresh the memory of the Senator from Wisconsin as well as my own by showing that in the original provision of 1873 this compensation for the use of postal cars is blended into, and is a part of, the provision respecting compensation; that it was segregated by the revisers in the Revised Statutes, and that when we come to the original question of compensation, the authority to the Postmaster-General to provide for the use of postal cars is as much a part of the compensation as is the weight of the mail.

In the Statutes at Large—I think this is important, and I shall be glad to have the Senator answer my suggestion in regard to it—on page 558, of the 17th volume, I find that the question of the compensation for carrying the mails is provided for in a single clause of the post-office appropriation act of March 3, 1873, and it was then taken from a bill which had been pending in that Congress to revise the pay and compensation to railway companies. It repealed a statute, to be found on page 316, whereby the Postmaster-General was authorized to enter into contracts for carrying the mail with railway companies without advertising for bids therefor:

The Postmaster-General may allow any railroad company with whom he may contract for the carrying of the United States mail, and who furnish railway post-office cars for the transportation of the mail, such additional compensation beyond that now allowed by law as he may think fit, not exceeding, however, fifty per centum of the said rates.

This law, passed in 1873 and now embraced in the Revised Statutes, is a single provision, taken together, providing the compensation to railways.

Mr. McPHERSON. Will the Senator allow me to ask him a question?

Mr. ALLISON. Yes, sir.

Mr. McPHERSON. Does the revision of the Revised Statutes change the construction of the law as it formerly existed in any sense?

Mr. ALLISON. In no sense, although it is now claimed by the Senator from Wisconsin, and he bases his whole argument upon the fact, that section 4002 provides for the compensation for the transportation of mails, whereas section 4002 provides for no such thing, except in connection with section 4004, sections 4004 and 4002 being a part and parcel of a single provision in the law of 1873.

To show how much it was supposed these postal cars might cost the railway companies, it was provided in 1872, one year before, that the railway companies might have additional compensation, as section 4004 now provides, except that that compensation should not exceed 50 per centum of the total compensation paid to railway companies hitherto. Postal cars were entirely new in 1872. I am sorry to disturb the Senator from Wisconsin so long as I have, but I think that this construction of these statutes together constitutes the gravamen of this whole question; and that if this is one single question of compensation, the argument of the Senator from Wisconsin wholly falls, because he is treating the compensation for these postal cars as simply the rental of a car at so much a year, and that that does not enter into and become a part of the compensation of the railway companies. Therefore, in 1872, it was provided that this compensation should not exceed 50 per centum. The postal car arrangement has grown and grown from 1870 to 1895, and if, as I said the other day, we are to rearrange the compensation for the transportation of mails, it ought to be done upon some careful and full investigation leading up to a just arrangement relative to it, and not be injected into a post-office appropriation bill in the expiring hours of a Congress.

That is my objection to this provision. I make this objection with force and confidence, inasmuch as I find that the able Postmaster-General now administering the postal affairs of this Government, in no report of his, in no letter which he has sent to this body, has found fault with the present compensation of the railway companies, although he has it in his power to take away half or all of this compensation if he believes, as the Senator from Wisconsin believes, that, taken as a whole, their compensation is too much. On the contrary, the Postmaster-General in his report states distinctly that the excess of cost of transportation of the mails arises chiefly if not wholly from the fact that there was included in them printed matter, called second-class matter, which costs the Government annually \$16,000,000.

I wish to impress upon the Senator from Wisconsin, who is the chairman of the Committee on Post-Offices and Post-Roads, that instead of dealing with leather and prunella in the question of the compensation of railways, saving thereby a hundred or two hundred or three hundred thousand dollars, he and his committee and the Senate should deal with a question of much larger proportion, which, as the report of the Postmaster-General shows, results in a cost of \$16,000,000 that ought not to be charged to the Post-Office Department.

I wish the Senator from Wisconsin to show me and to show the Senate that this is a rental of cars and not a part of the compensation that is paid the railways, which I regard as conclusive of the whole question. If it is a part of the compensation, why not deal with the whole question, instead of dealing with this single question as to the use of postal cars? As the Senator has shown here, the New York Central Railroad uses cars 60 feet in length, which are transported at the rate of more than 50 miles an hour from New York City to Chicago.

It can not be said, it seems to me, that the company transporting a car in less than nineteen or twenty hours from that great seaport to the great city on the lakes is to have only as a part of its compensation the rental of so many dollars per mile for the use of the car. It can not be said, it seems to me, that in the original proposition, which provides merely for the weight of mail and the speed of trains, that that only and not this constitutes a part of the compensation for transportation. So I call the attention of the Senator from Wisconsin to these statutes, which were drawn into and became a part of the Revised Statutes afterwards.

Mr. VILAS. The Senator from Iowa [Mr. ALLISON] is making a merely technical point. I think he is wrong now in part in the proposition he makes, not in the detail as he states it but in the substance of it, and I can show it to him from the acts which he has read. The Senator from Iowa will observe that in the act of March 3, 1873, which was the annual post-office appropriation act, there was a provision first, for the rate of compensation which the Postmaster-General might thereafter allow to railroads in general. There was also a provision that—

In case any railroad company now furnishing railway post-office cars—

I ask the Senator's attention to that language.

Mr. ALLISON. I have the statute and am looking at it with the greatest care.

Mr. VILAS—

now furnishing railway post-office cars shall refuse to furnish such cars, such

company shall not be entitled to any increase of compensation under any provision of this act.

It was in the year 1864, if I am not in mistake, that Mr. Armstrong first devised and put into effect the distribution of the mails upon post-office cars.

Then the company furnished the cars and fitted them up for the rates of pay they had been theretofore receiving. The pay fixed by law before for the transportation by railroads had been regularly appropriated, as the Senator from Iowa will see if he will turn to the act of 1872, the next preceding appropriation act, in which it is seen that there was for inland mail transportation \$13,024,763 appropriated. For pay of route agents \$938,005 was appropriated. They were the same as are called postal clerks now, except they did not distribute piece by piece on the cars. For pay of railway post-office clerks \$950,000 was appropriated. They separated the post-office clerks at that time from the route agents. Now all are properly known by the name of railway postal clerks. So the Senator from Iowa will observe that in the year preceding, and if he will follow back the various appropriation acts he will see the same thing, the compensation for the inland mail transportation by railroads was regularly appropriated and compensation was made under the laws previously enacted for that purpose.

Now, it happened that the railroads had furnished post-office cars prior to that time, but there was a refusal growing out of disagreement as to pay for mail carriage on the part of some of the roads to furnish the cars, whereby it became necessary to take some compelling action; and at the same time that action was taken, this provision in superaddition to the laws previously in force was allowed for the use of postal cars.

Mr. ALLISON. The Senator from Wisconsin fails to take into account the section of the statute from which I read, being a statute consolidating the post-office laws, passed in 1872, whereby the Postmaster-General was authorized to pay additional compensation to railroads which hauled or transported mail in railway post-office cars. It was provided, however, that that compensation should not exceed 50 per cent. So when this law was put upon the statute books in 1873 there was a statute which authorized the Postmaster-General to pay 50 per cent. It is true that this clause which the Senator has read does say:

In case any railroad company now furnishing railway post-office cars shall refuse to provide such cars, such company shall not be entitled to any increase of compensation under any provision of this act—

Not under the prior provision, but under any or all of the provisions of that act.

Mr. VILAS. The provision is repealed in that same section.

Mr. ALLISON. This is the act of 1872; I mean the prior provision which the Senator now construes to authorize the compensation of railroads.

Mr. VILAS. It does not seem to me that the point which the Senator from Iowa makes on this subject, granting him to be entirely correct in the history, is at all an answer to what I have been saying. It is the fact still that there is a regular compensation by weight to railroads; that in consequence of the railroads insisting upon extra pay for it, Congress did superadd to the rates of mail compensation by weight this provision for the use of post-office cars. But the one rate by weight is uniform and governs all railroads and pays all. It requires every railroad to furnish cars and to light, heat, and haul them. The difference between the two cases is precisely the same, whether they are in one statute or separated into two. That does not matter; nor does it matter that they were enacted together.

How can the Senator from Iowa say that a railroad company is properly compensated which is required to furnish an apartment 30 feet long, heat, light, keep it in repair, clean it every day, draw it, operate it, carry the clerk, and receive only the weight compensation, when another that is furnishing a car 40 feet long receives \$25 per mile per year in excess?

Mr. ALLISON. My answer to the Senator is that that is what may be regarded as the minimum compensation.

Mr. VILAS. It is the maximum compensation by the law itself.

Mr. ALLISON. That is the compensation. The Postmaster-General is authorized in addition to do that which is provided for in section 4004. If he does not choose to do it he can wholly omit to do it. There is no compulsion upon the Postmaster-General under that statute to pay to any railway the additional compensation provided in it, unless he thinks it is just compensation for the transportation of the mails. That is my answer to it. Therefore section 4004 of the Revised Statutes is as much a part of the law as to the general cost of transportation as is section 4002. That is the point I make, and it seems to me to be perfectly clear.

Mr. CULLOM. Will the Senator from Wisconsin allow me to make a suggestion by reading a provision of the statute? It may be of service to the Senator in his remarks. I find in the act passed in 1879 the following provision:

That hereafter, in making his estimates for railway mail service, the Postmaster-General shall separate the estimate for postal-car service from the general estimates; and in case any increase or diminution of service by postal cars shall be made by him, the reasons therefor shall be given in his annual report next succeeding such increase or diminution.

The Postmaster-General under that provision makes estimates

and separates the payment for postal cars from the cost of carrying mail by weight.

Mr. ALLISON. Prior to that time he did not.

Mr. CULLOM. I think prior to that he did not. Now, the Senator from Wisconsin will find on the next page of this volume another section. I read these sections, if the Senator will allow me, to show what seems to be the folly of the Senate undertaking to fix this matter by statute without investigation. For instance:

That the Postmaster-General shall request all railroad companies transporting the mails to furnish, under seal, such data relating to the operating, receipts, and expenditures of such roads as may, in his judgment, be deemed necessary to enable him to ascertain the cost of mail transportation and the proper compensation to be paid for the same. And he shall, in his annual report to Congress, make such recommendations, founded on the information obtained under this section, as shall, in his opinion, be just and equitable.

I read that for the purpose of giving me an opportunity to say that we are here now trying to change the law affecting all these interests without any report from the Postmaster-General or anyone else as to the merits of the subject.

Mr. VILAS. If the Senator from Illinois had happened to be present at the meeting of the subcommittee which took place during his absence, as was explained by the Senator from Kentucky [Mr. BLACKBURN] yesterday or the day before, he would have heard from the Postmaster-General on this subject.

Mr. CULLOM. I submit to the Senator whether he thinks it is a proper report by the Postmaster-General that he shall come before a subcommittee and give his views upon this subject, not to be taken down, not to be seen by the members of the United States Senate, but simply given to the subcommittee, and they to come in and say that the Postmaster-General is in favor of some provision of this kind?

Mr. VILAS. He came before the subcommittee at the request of the committee.

Mr. CULLOM. I do not wish to be understood as questioning the action of the Postmaster-General. I have just as much faith in that officer as I have in any Cabinet officer or any man who has been at the head of the Post-Office Department, for that matter, for many years past; but I submit that Congress ought to know more about the facts in connection with this matter and the reasons therefor than simply a verbal statement by the Postmaster-General to a subcommittee.

Mr. VILAS. How much is necessary to inform any Senator before he is willing to take anything from these railroad companies I can not undertake to say, but there is absolutely sufficient to satisfy my judgment in the information furnished by the Superintendent of the Railway Mail Service, of which I have already spoken, and in the examination reported to Congress many years ago on this subject.

So far as the point of the Senator from Iowa [Mr. ALLISON] is concerned, I wish to make a further observation.

Mr. HOAR. Before the Senator—

Mr. VILAS. I can not yield just at this moment. I will yield presently. The Senator from Iowa only seems to think that there is a distinction to be taken in this law because the provision for the rent or use of the post-office cars is found in the same appropriation act that made provision for the weight compensation. But, as I said, the addition of compensation for the car service was put upon the law because of the railroad companies refusing to carry the mails. It may be said, too, that at that time it was a new service. Therefore it was tentative, and in a certain sense provisional with the Postmaster-General. It has grown up now; we understand the service very much better; and it is perfectly easy to deal with it in such a way as to save to the United States what belongs fairly to the people to be saved. Now the Senator from Massachusetts wishes to ask a question.

Mr. HOAR. I wish to ask the Senator if he is prepared to affirm and does affirm that there will be no diminution of public convenience, either in the matter of frequency or speed or efficiency of the Railway Mail Service after this passes?

Mr. VILAS. I feel perfectly prepared to affirm that the Postmaster-General would administer the authority given him by Congress, if this amendment were adopted, in such a way as gradually to bring about the necessary change, to effect a great deal better service than we have now; and I am supported in that opinion by the ablest and brightest among the railway postal clerks.

Mr. HOAR. That was not precisely my question. What is a great deal better service is not precisely equivalent. I wish to know whether in the opinion of the Senator there will be no diminution. I have not investigated this matter myself, but I know that the business men without regard to politics, having no sort of interest in any railroad or anything else, solely interested in the promptness, rapidity, and efficiency of the mail service between Boston and the great points in Florida and in Mobile and Savannah, look with great anxiety upon this proposition as a proposition likely to deprive them of what they value very highly indeed, to wit, a very rapid, efficient, punctual, constant, and convenient car service for the purposes of their business. That apprehension is felt along that line and has been felt repeatedly when these attempts to change the existing condition of things have been made. That is the point of this discussion to me.

Mr. VILAS. I should judge that the Senator from Massachusetts was thinking of the amendment which is proposed to withdraw the special facilities appropriation, not the amendment about the postal-car service.

Mr. HOAR. I am speaking of both as belonging to one system.

Mr. VILAS. I am not undertaking to speak for anyone but myself, of course, but I can assure the Senator that I have not the least idea that there would be a particle of interruption of the mail or that there would be the least difficulty in administering this provision. It authorizes the Postmaster-General to exercise his discretion in the manner and the way which the law provides. It does not command an instant revolution. It does not make it necessary to change upon any route until he has made such arrangements as that the change can be effected without the least inconvenience to the public. And I have no idea that there would be the least inconvenience.

The Senator from Iowa made another observation. He spoke of its being unjust to talk about the extra compensation paid for the fifty cars between New York and Chicago, and launched out into some general description of the magnificent mail service between New York and Chicago. The mail service nobody wants to cripple. It ought to be improved and increased in efficiency and value all the time. But what is left to us is to deal with the rate of compensation if we are paying an exorbitant and unnecessary price. Let the Senator figure the cost of what is paid for those fifty cars between New York and Chicago. Under these rates of compensation each one of those fifty cars receives above \$50,000 a year; over \$40,000 a year in weight pay and the rest for the use of the cars, the fifty cars receiving over two and a half millions.

Mr. MCPHERSON. That is on a particular line?

Mr. VILAS. That is the cost of the service between New York and Chicago on the New York Central road. Each car that was owned yielded to that road over \$50,000.

Mr. MCPHERSON. I should like to ask the Senator a question for information. I understand that these cars are run in special trains, four and five cars upon a train, and that they carry no passengers and no freight. In reality it is a special train running at a special rate of speed. I want to know if the compensation for car service were cut off, whether, in the Senator's opinion, these railroads would run the trains at this speed for any less compensation, or whether they could afford to run them for less compensation than they receive?

Mr. VILAS. I think that they both could afford to run for less, and that they would run for less if they were required to do so. It is obvious they will give up nothing without a struggle.

What I complain of in regard to this law of compensation is its gross inequality and injustice. I am pointing out but a single case of one road receiving over \$50,000 per year per car. Does the Senator think that the railroads of the United States would not be willing to run special trains drawing only cars like the postal cars at \$50,000 a car a year, or at \$40,000, or at \$20,000 a year? Of course they would. They would be glad to do it.

But there is a great difference in the various times and in trains. It may even be that the compensation of this special fast train should not be reduced. I am not undertaking to attack any particular train. I am simply saying that if we put in the hands of the Postmaster-General authority to deal with this subject unhampered by law great public benefits may result.

But it is said that this is socialism; that for the United States to own the cars is a piece of business which we ought not to engage in. I shall not now delay to argue that. Let any Senator reflect for a moment upon the way in which the great meat dealers of Chicago, the renderers of cattle, swine, and sheep in Chicago ship their meats in this country. Every one of those great establishments owns its own cars. In every city of the United States, if you look in the yards of the prominent railways, you will find Swift's meat express or Armour's cars. They send them everywhere. They control the trade, in part, by means of their system of cars.

Does any Senator here suppose that they pay the railway companies, which transport vastly more cars for them than even the post-office cars number, if not to the same number of miles, any such extravagant prices for hauling their cars? Not at all. The business could not be conducted in that manner. They have their rates of wheelage. They have certain rules by which cars are paid according to the number of miles they are drawn. At least I am informed that is the method of compensation.

If the United States would take into its own hands the ownership of its cars the Government would be able to make arrangements with the railroads on far better terms, with more profit to the United States, more suitably to the conditions under which business is done, than the business is now carried on, and with better service in every way.

Mr. President, I do not wish to occupy time on this subject. I have already by reason of the numerous interruptions and repetitions of questions spent a great deal more time than I intended. I have desired to call attention to the fact that a change of method would be a great advantage to the public. I do not expect, nobody is sanguine enough, I presume, to suppose that a measure of this

kind can receive acceptance at once. I have only sought to challenge the attention of the Senate, and, if possible, of others, to the very great inequality in the method of compensation, and what seems to me the best way of improving the service. It has been the subject of continual study for twenty years. Nobody has yet devised any successful plan. Something must be wrought out or else we shall continue as in the past to pay vastly excessive rates. Hitherto Congress has been able to do no more than merely to cut off a per cent, and now it is proposed by the committee to cut off 10 per cent of the compensation for railway post-office cars. That ought to be done if no more is to be done; but if that is to be done the appropriation should be reduced by \$325,000—I believe that is the amount—and the Postmaster-General should be directed to reduce the compensation by 10 per cent. That would be something at least for the people in return for the inquiry we have made on this subject.

One further observation and I will not detain the Senate longer. It has been said that this plan is of a socialistic tendency; that it is contrary to the principles of the Constitution; that the United States ought not to own railroads. Mr. President, the United States do not propose to own railroads, nor does the amendment that I suggest intimate that the Government should do anything more in respect to this vast business which it has undertaken to control than any intelligent business man would do with his own in the same circumstances. The United States owns its own mail bags.

The United States has of late years been buying a great many horses and wagons, because in the distribution and collection of mails in the cities it is found to be convenient to own horses and wagons. The United States has recently also come to the business of owning cars, its Fish Commission having purchased some cars for the distribution of fish. Is there any reason why the United States may not as well buy cars for the benefit of its mail service as for any other purpose?

Mr. President, I hope Senators will recognize the fact that the long time I have held the floor in discussion of this matter has not been chargeable wholly to me.

Interstate-Commerce Law.

SPEECH

OF

HON. THOMAS J. GEARY,

OF CALIFORNIA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, December 8, 1894.

The House having under consideration the bill (H. R. 7273) to amend an act entitled "An act to regulate commerce," approved February 4, 1887—

Mr. GEARY said:

Mr. SPEAKER: If the purpose of the pending bill to amend the interstate-commerce act was, as represented by those who oppose it on this floor, principally to enlarge the powers and increase the charges of the railway corporations of the country, or to relieve them for their sole benefit from the restrictions placed upon them by the existing interstate-commerce act, I am satisfied that the bill never would have been reported to this House by the Committee on Interstate Commerce. But the experience of the past seven years has taught all who have inquired into the working of that law that, while preventing the creation of monopolies among the railway corporations, it has encouraged and fostered another series of corporate monopolies more injurious in their effects, just as destructive to the rights of the people of the United States as the railway monopolies sought to be prevented by the interstate-commerce law, and it is to prevent the continuance and extension of these newly formed monopolies that all persons who have become conversant with the working of the interstate-commerce law have asked for its amendment, in order that these new powers may be brought under governmental control.

No one can believe for a moment that a man like Mr. Morrison, one of the Interstate Commerce Commissioners, would voluntarily advocate the repeal of the prohibition of pooling unless he found good reasons for it in a desire to promote the public good; yet in his speech delivered before the convention at Philadelphia, and quoted by the gentleman from Florida [Mr. COOPER] in his remarks delivered here some days ago, Mr. Morrison says, "I am in favor of permitting pooling." But Mr. Morrison couples that with the expression of a desire that the control of that pooling shall be intrusted to the Interstate Commission. No member of that Commission has at any time opposed the repeal of that provision in the present law which prohibits pooling by railway corporations.

During the years since that law went into operation it has been discovered that, by reason of secret combinations entered into

between the railroad companies and the great shippers of the land, by which favored rates were given to those shippers, the latter were permitted to rear up great monopolies destructive of the rights of the smaller men seeking to compete with them in their respective lines of business and permitting monopolies to control the necessities essential to the life of the people. The Armour Company, the Standard Oil Company, the sugar trust, and kindred corporations of similar magnitude, doing an enormous business with the railroads, have been permitted to take advantage of their positions, and by conferring all their traffic upon one railway company have obtained better rates than were granted to their humbler neighbors. These rebates were agreed on secretly by the parties and could not be established in prosecutions under the existing law.

Mr. DUNN. Will the gentleman permit a question?

Mr. GEARY. Certainly.

Mr. DUNN. Do you think that the Government of the United States should be made an instrument to compel Mr. Armour to divide his shipments between two or more railroads?

Mr. GEARY. No; but I think the Government of the United States has no right to permit Mr. Armour to obtain advantages over his neighbors by continuing a law which gives him, by reason of his large business, that power.

Mr. DUNN. Well, do you believe that the Government of the United States has a right to interfere in the private business of any man or any corporation—to aggrandize a corporation or an individual at the expense of the public?

Mr. GEARY. Why not leave off the last part of your question and make it more general. Let me ask the gentleman, Do you believe the Government of the United States has any right to interfere with the private affairs of any man or corporation?

Mr. DUNN. No, sir.

Mr. GEARY. Then your logical position would be in favor of repealing the entire interstate-commerce act?

Now, let me recur to an illustration on this question which was given the other day by the gentleman from Iowa [Mr. HENDERSON]. He pointed out to us the fact that by reason of the advantage of transportation rates given by the railway companies large buyers in Chicago are enabled at every point throughout the State of Iowa where a man offers his little lot of cattle for sale to dictate to him such terms that he must either accept them or else withdraw from business, because of the advantage which the larger dealers obtain by reason of their peculiar arrangements with the company over all other shippers along that line. So that the effect of the prohibition of pooling by the roads is not to limit the creation of monopolies but to extend their operations into almost all the walks of life and to affect or regulate the price of everything needed for consumption by the people.

Because of the desire to break up this monopoly, more dangerous and more oppressive than that of the railway, this committee, at the request of boards of trade and chambers of commerce, who have learned by experience that the antipooling clause under the existing law is no benefit to them, has brought in this measure calculated to correct existing defects in the law.

My friend from Tennessee [Mr. COX] has been asking almost every gentleman who has spoken whether the effect of permitting pooling by the railroads is not to raise railroad rates. Why, sir, that is not the effect at all. The matter of rates need have no relationship to the existence of a pooling clause in this bill. The earnings of the companies would be increased, and yet the rate to the public need not be changed. The increased profit to the companies would be in their retaining the large rebates they pay the favored shippers under the present system. Under the operations of this law the railroad companies would be independent of the trusts and could refuse the secret rebate without loss.

Pooling under the provisions of this measure need not advance a single rate upon a single article carried by any of the parties to the pooling contract. The effect of permitting the pool is to establish stability of rates; to make a certain and continuous rate, not a varying rate changing with the whim of every railroad man; a constant rate, applying justly to the business of all people; a rate having such permanency and uniformity as to be recognized by all men as more beneficial at all times than varying rates.

The greatest danger that the prevention of pooling has brought upon the small traders of the land has been by reason of the reckless "cuts" in freight rates precipitated by railroad companies—not for the purpose of benefiting the public, but for the ultimate purpose, as the result of the warfare, of destroying one of the competitors and creating a railway monopoly in its place.

Take the great mass of small traders throughout the land, who make their purchases monthly or quarterly or from season to season, for the supply of the little localities where they do business. These purchases are made upon the standard rates. Suddenly, without notice, a rate war is precipitated; and the price of every article upon the merchant's shelves declines in value because of the reduced cost of transporting such articles to the places

of distribution. Thus the small merchant is placed at the mercy of the larger dealer in his neighborhood, who in laying in a full year's supply of goods can take advantage of the lowered rates and meet his smaller business competitors in an unfair competition by reason of the advantage resulting from reduced railroad rates.

Because of this demoralization extending all over the country, affecting every little trader, the business interests of the land demand that a measure which permits this interruption of rates shall be taken from the statutes. Because of the desire to prevent the recurrence of evils such as I have described the committee has reported this bill. Now, it is said that the effect of this bill is that we do not vest absolute power in the railway commission. It is urged that this entire matter ought to be submitted to their judgment, and that no right of appeal to the ordinary tribunals of the land should be permitted.

Sir, what is there about railroad property that justifies it being branded with outlawry, and its owners denied the same right of appeal to the courts of the country which is conferred upon all other people with reference to all other kinds of property? What is there in the nature of railroad property which justifies an American Congress in saying, "We will create a peculiar and special rule for the litigation of rights affecting such property; we will create a peculiar tribunal for the ascertainment of the measures of relief which may be needed in reference to such property; we will deny in this particular class of cases the ordinary recourse to the courts, which we guarantee to the meanest criminal in the land."

What particular merit can there be in a railroad commission—no matter who may appoint its members, no matter how the commission may be constituted—that we should confer on such a commission practically the attribute of infallibility by withdrawing their judgments or decisions from review by the courts of the land? Some persons talk about this railway commission as though it were some great instrumentality possessing almost the powers of Divinity—unable to do wrong—a tribunal whose judgment should not be challenged or called in question anywhere.

Sir, if you can not trust litigation of railway questions to the Federal courts, the judges of which are appointed by the President of the United States, how can you afford to intrust such questions to another tribunal created by the same instrumentality, open in the matter of their appointment to the same objection, possessing no peculiar fitness usually before the time of their selection for their work? Why, in the one case and with one class of appointees, declare that their decisions must be accepted as infallible, while in the other case we stand here and criticize and denounce? I am not willing to confer on any commission, no matter how constituted, the right to tell any man how he shall use his property and under what rules and regulations he may manage it, and without the right to review that decision lodged somewhere.

But, Mr. Speaker, this bill does not enlarge the jurisdiction of the court at all. This bill in no wise alters the existing jurisdiction of the United States courts in relation to the Interstate Commerce Commission. Under the law as we now have it every rule of that body affecting fares and freight, railroad regulations, and the accommodations that must be offered to the public may be reviewed in the courts, finally reaching the Supreme Court, and receive there the final judgment of approval or condemnation.

This bill confers on the Railroad Commission identically the same powers it now exercises. The pooling contract must be filed with them; they have twenty days in which to examine the merits of the contract and make their decision whether it shall stand as the law or not. If, in the language of the act, the pooling contract is reasonable and just, then the Commission shall approve; but if the contract is unreasonable and unfair, then the Commission may reject it. In all other questions submitted to that Commission and passed on by them the very same test is always applied. If the matter is the regulation of a rate of fare the Commission may pass on its reasonableness, and if the decision is distasteful to the corporation it has the right of appeal to the courts. This in no wise alters, changes, or enlarges the jurisdiction of the Federal courts in the matter of the cases subject to the control of the Railway Commission.

The gentleman from Florida [Mr. COOPER] in his speech the other day laid down a rule which surely can not be true when he said that the courts of the United States, on appeal from the decision of the Commission, in reference to a pooling contract, would have no alternative but to reverse the decision of the Commission. He says they will file with the Commission nothing but the naked agreement constituting the pool, and that the Commission will enter judgment either approving or disapproving such contract, and that on appeal to the Supreme Court that court, with no more record before it than that, would be in duty bound to reverse the judgment of the Commission, if the contract on its face appeared reasonable.

I submit to him and to every other lawyer in this House that

the position can not be correct. If the record as made up by the Commission and forwarded to the circuit court contained nothing but the naked contract that "we, the respective companies, hereby agree to pool on certain divisions all freight for certain points," and then that nothing else went into the record reviewed by the court but the judgment of the Commission that the contract was unreasonable, no appellate court in the land would reverse that judgment with no other or better transcript before it than that, because all of the intendments in the appellate court must be in favor of the regularity of the proceedings in the court below, and all presumption must be that the Board which Congress has intrusted with discretion has wisely, properly, and justly exercised it, and not that they have violated the law.

But before there could be a reversal of judgment by the appellate court there would have to be something else sent up with the transcript explaining its provisions, amplifying its language, and making certain and definite its full meaning and bearing on railroad rates and freights. My friend, Mr. COOPER, seems to be unmindful of the provisions of the existing law and of the sections which we leave untouched in this amendment when he makes the statement that the Interstate Commerce Commission is without power to ascertain what agreement may exist between the railroad companies entering into the pool. Section 12 of the existing law, which is not changed by the provisions of this bill, provides:

SEC. 12. That the Commission hereby created shall have authority to inquire into the management of the business of all common carriers subject to the provisions of this act, and shall keep itself informed as to the manner and method in which the same is conducted, and shall have the right to obtain from such common carriers full and complete information necessary to enable the Commission to perform the duties and carry out the objects for which it was created.

And again, section 6, not changed by this law, provides:

Every common carrier subject to the provisions of this act shall file with the Commission hereinafter provided for copies of its schedules of rates, fares, and charges which have been established and published in compliance with the requirements of this section, and shall promptly notify said Commission of all changes made in the same. Every such common carrier shall also file with said Commission copies of all contracts, agreements, or arrangements with other common carriers in relation to any traffic affected by the provisions of this act to which it may be a party.

Under these two sections of the existing law, contrary to the statement of the gentleman from Florida, when the agreement to divide freight between points is presented, the Commission has authority without any additional legislation to demand that all of the contracts, embracing all of the terms of the agreement, shall be filed with them for their inspection.

They have the right to inform themselves by any means as to what the full effect and bearing of that contract will be upon the interests to be affected by it. There can be no raise in rates on any railroad affected by this pool unless the Interstate Commerce Commission gives its indorsement to the raise of rates. So that the fear that some people entertain that in the passage of this bill we are conferring absolute liberty upon the railroad company to establish whatever rates it pleases, free from inspection or control of the Commission, is entirely unfounded.

Mr. MALLORY. Let me call your attention to this language:

Every such contract, agreement, or arrangement (hereinafter termed contract) shall be in writing and filed with the Commission created by this act, and shall become lawful and enforceable between the parties thereto at the expiration of twenty days from the filing thereof, unless the Commission shall in the meantime, and upon inspection thereof, make an order disapproving the same.

They are limited there to an inspection of the contract.

Mr. GEARY. No; you must take the two sections and construe them together. You must take this amendment and construe it with the existing sections of the law. Section 12 says that in order to perform their duties they must make inquiries as to all the business of the corporation. They must require the filing with them of all contracts of every nature and kind entered into between the railway companies, parties to the pooling arrangements. This language, "by an inspection thereof," does not mean that they are precluded from supplying themselves or advising themselves or being influenced by the information already in their possession, or which they have authority to gather by reason of the other provisions of that bill. Now, as to rates, no rate on any road affected by the pool can be advanced one cent without the approval of the Commission.

There is no power conferred by this act which releases the railway companies in the establishment of rates from the control of the Commission. Further along in that same section of the existing law it is provided:

No advance shall be made in joint rates, fares, and charges, shown by the joint tariff, except after ten days' notice to the Commission, which shall plainly state the changes proposed to be made in the schedule then in force, and the time when the increased fares and charges will go into effect.

Now, when they file their agreement for the pool, if it is con-

templated to then enlarge the rates to be charged for traffic over the pooling roads, they must file simultaneously with that their proposed schedules of rates, that the Commission may inspect and examine them. But before that change, that advance or alteration can be made, the Commission must enter its judgment that the proposed rate is a reasonable and just one, and one that users of that road should pay. Where lies the danger, then, in conferring the right to pool on a railway corporation if we reserve as we do here absolute control over the rates to be charged by the corporations entering into the pooling contract?

I believe that every order of that Commission should be reviewable by the courts of the United States. I am not willing to confer on any tribunal in the first instance final authority to make laws or rules for the control or government of the property of anybody. Men speak of this Commission as something to be held up and regarded as superior to all other kindred tribunals. I do not believe that any man can serve upon the Interstate Commerce Commission for a year or two without becoming so biased against railway companies as to be unfit to sit as a juror in a case affecting their rights. By this act it is made the duty of a Commissioner to become a quasi prosecutor. He must inform himself at all times of their doings. Either on his motion or at the instigation of some other, he is compelled to institute criminal proceedings against a corporation or its employees.

In prosecuting these through the courts of the land he naturally acquires the prejudices of the position that he occupies, and entertains hostile notions against the people against whom his efforts must be at all times directed. No man occupying that position should be made final arbiter of the rights of the railway company over which he is compelled to exercise this kind of control.

But in pooling, more especially than anywhere else, there is another reason for conferring on the courts the right to review the action of the Commission. We permit the pooling contract to be made. Corporations enter into it. The warfare between them ceases. A certainty of reasonable return waits upon the consummation of the pool. Men, relapsing into a state of peace where they have been heretofore in war, expecting the returns of a peaceful prosecution of their business, insured by the continuance of that pool, invest their money in improvements of the road, in the enlargement of its facilities and in better means of accommodating the public who may use it. Other people throughout the land, recognizing the permanency of that investment, during the period of the pool at least, invest their money in this particular kind of property. Suddenly, without notice, sometimes it may be without reason, the Commission, on its own motion, influenced by the whim of someone, orders the pool canceled, and all those investments destroyed or much impaired in value. We are told now, this time in the world's history, that we should permit no right of review in any tribunal to the people who would be damaged and injured by this practical confiscation and destruction of their investments effected by the act of the Commission.

There can come no harm if we permit a review so long as that commission acts in a reasonable, just, and proper manner. I have not lost that confidence in the Federal courts that makes some men seemingly believe they have ceased to be impartial in deciding questions arising between the people and corporations. If I believed what some men seem to believe, that you can not trust the Federal courts to adjudicate between the people and corporations, then I would demand the impeachment of the judges believed to be corrupt rather than denounce the entire judicial system of the United States.

But, Mr. Speaker, because I may be dissatisfied with a decision of the court, because it does not meet my views and agree with my opinion in the case, that gives me no right to question the integrity of every man upon the Federal bench of the United States. I would rather trust the courts as now constituted to arbitrate between man and man, or man and corporation, than a commission created without previous learning or education or without any special fitness for its work.

This bill is not perfect. We do not claim it to be. Neither is the existing law perfect. But after a year of conflict in committee between divergent and hostile views, this bill has been prepared for the purpose of effecting a correction of the evils which had grown up under existing law. Let it go into operation. Let us try the efficacy of this work. Let us by experience learn what, if any, changes should be made, as we had to learn in the case of the existing law. Then, if experience demonstrates the incorrectness of the law, let us make a new correction. I think, in the interest of the consumers all over the land, in the interest of every small trader who is compelled to use the railroad system for the transportation of the goods he buys, in the interest of that stability which is essential to the life of trade in order to maintain a fair and reasonable rate, securing a fair return to all, this bill ought to pass in the form in which it came from the committee.

Protection to American Industries.

"In hoc signo vinces."

SPEECH

OF

HON. CHARLES H. GROSVENOR,
OF OHIO.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. GROSVENOR said:

Mr. CHAIRMAN: It has occurred to me to state a few of the reasons very briefly why I can not support the pending measure, and I do it with a good deal of reluctance, in view of the fact that there is such a loud clamor throughout the country at this time that something shall be done to protect the solvency of the Treasury Department and to uphold the credit of the Government. Appeals are being made to us every day from sources of the highest respectability, imploring us to abandon all party and partisan considerations and to vote for the Administration measure upon the theory, which somehow or other is abroad in the land, that Mr. Cleveland has announced a policy that is better than nothing.

The fallacy of such a proposition is best appreciated in the light of the fact that Mr. Cleveland, if we are to charge him up with the responsibility of the various bills which have come before Congress, and the various propositions in the form of amendments thereto which have emanated from the Committee on Banking and Currency, has changed his mind often and radically, even since the first proposition was brought here.

The original Carlisle measure has not to-day one advocate or apologist; not even the distinguished Secretary of the Treasury himself. Through all the modifications and mutations which have presented themselves here uncertainty and utter lack of consecutive ideas has been manifested from first to last.

It is not, therefore, very strange that the representatives of the people, with some knowledge of these matters, some consecutive opinions of their own, have hesitated to readjust themselves to every gyrations of opinion which is manifested to us in the Executive suggestions. But I want to make a further suggestion: Who assailed the credit of this Government first?

Who spread far and wide the idea that our currency system was fatally defective? During the campaign which resulted in the overthrow of the Democratic majority in this House there was no question of currency discussed anywhere. Our Populistic friends may have talked about free silver and unlimited greenback issues, and all that; but there was no important consideration given to any question of the currency. We had been getting along well enough for a third of a century under this system of ours. It had never failed in an emergency. The repeal of the purchasing clause of the Sherman Act was only a concession by the Republicans to the fad of the Administration.

The people of the country were warned that the repeal of that law could benefit nobody, could change nothing, would have not the slightest effect upon the business of the country. I have never doubted that the Administration called the Fifty-third Congress together and submitted the question of the repeal of the Sherman Act for the deliberate purpose of avoiding the effect of the overwhelming victory of 1893. It could not have been believed by Mr. Cleveland or anybody else that the repeal of the Sherman Act would bring prosperity, for it had not been the enactment of the Sherman law that caused the disaster, and everybody knew it who had intelligence enough to read and write.

So, when the repeal of the Sherman Act utterly failed of any such effect the next movement was, on the reassembling of the Fifty-third Congress in December last, to turn aside the eyes of the people of the country from the overthrow of the Democratic party at the election and fix the eyes of the country upon what was denominated "currency reform." From that day to this every possible effort has been made by the Democratic party in Congress, in the press, and through the commercial bodies of the country to impress upon the people of the country that there was something terribly wrong with our currency.

Mr. Speaker, I do not believe that there is. I denounce the statement. It has not any truth behind it. There is nothing wrong with our currency, and certain amendments to the national bank-

ing law, which can be written on a single sheet of note paper, and enacted into law, would cure the whole trouble.

But you are met here now by a simple proposition which has been offered as a substitute by the gentleman from Maine, Mr. REED, which embodies, in my judgment, a complete and perfect remedy for all the ills which you claim exist. The only trouble existing to-day in the matter of our Treasury is caused by a paucity of revenue and a plethora of lack of confidence; and that lack of confidence is all due—absolutely all due—to the assaults made by the Administration itself upon the integrity of the country.

Erase from the history of the past few months the bulletins from the White House and the scattering, desultory, and contradictory statements from the Treasury Department, and there would be no lack of confidence. It is all done as a shield to the Democratic party for the future. You propose to fight the battles of the future upon the same question of currency and coinage, and you do it for the purpose of evading the only issue that is a live and practical one. And you can not make that battle, for you can not get together on any proposition. It is idle for you to talk about a national contest upon currency reform. You will have to reform yourselves first, and your reformation is an impossibility.

But there is one thing that you are agreed about. You are agreed that in arranging the battle of 1896 for the Republican party you will demand that there shall be eliminated all reference to the tariff question. You met the Republican party within a year on that question, and you do not want to see them any more. And so the shibboleth of your battle, the battle cry upon which you expect to rally your hosts, and incidentally the hosts of the Republican party, is "McKinleyism is dead."

A gentleman of spontaneous notoriety in the Democratic party, after having voted to retain the McKinley law upon the statute books, after having voted and filibustered for days and weeks against the repeal of the McKinley law, and after having voted for its retention on the statute books, went into a little contest in which the tariff question figured high above all other questions. And he, with a degree of versatility which falters in the face of no emergency, adjusted himself to the Gorman-Wilson enactment, and without explaining why he voted to retain the McKinley law on the statute books proceeded to excoriate the McKinley law as the fruitful source of all our troubles. He burned incense at the altar of anti-McKinleyism and pro-Wilsonism. He humiliated himself to an extent that old Nebuchadnezzar would have repudiated him as beneath his dignity. Referring to his own record in the support of the McKinley law in opposition to the Gorman bill, he placed his hand upon his mouth and his mouth in the dust; and in describing himself he cried out to the New York voters, "Unclean! Unclean!" "Oh, be merciful to me, a sinner!"

He came out of the controversy most utterly and overwhelmingly and indescribably repudiated. No man living in all the past of American politics ever had administered to him such a fall as was there, my countrymen. But he emerged from the wreck and ruin, and after inhaling the Southern breezes amid the pine forests of Florida for a few weeks he opened his mouth and shouted, "McKinleyism is dead;" and he has kept it up ever since.

A few nights ago, in the city of New York, in a great speech which he had prepared with infinite pains and signal ability, he declared that, whatever else occurred and whatever else was taught by the past, and whatever else could be depended on in the future, McKinleyism is dead. And so come Tray, Blanche, and Sweetheart from all directions, shouting "McKinleyism is dead." "We went to war," say the Democrats, "with McKinleyism, and we had a fair fight. We put up the beauties of the Gorman-Wilson bill in opposition to the McKinley law. We tried the experiment of comparison, and we got the worst of it. One hundred majority in the last House was transformed to 145 on the other side. The Senate changed hands like a kaleidoscope; but we still say and shout that 'McKinleyism is dead.'"

The parrot which had emerged from the contest with the monkey merely gave vent to his feelings by the declaration, "We have had a h—l of a time." But our Democratic friends have improved upon that. They say, "Here we are; 105 of us, where heretofore there were 214. But we killed the thing which killed us. 'The snake it was which died.'"

And so it appears, Mr. Speaker, that the catastrophe to the Democratic party which occurred in the election of 1894 has operated only imperfectly to teach that party wisdom and forbearance; but there is wonderful skill and enormous ingenuity in the make-up of the Democratic party. There is no other party in the United States now, nor was there ever a party, that could outlive the overwhelming rebuke of 1894 excepting only the Democratic party.

It has qualities of evasion and adroitness in discounting defeat and turning aside rebuke that no other political party in this country ever had before; nor do I think a party will ever exist in the future which will be the equal in this regard of the Democratic party of to-day. It was great wisdom and great shrewdness in the Democratic party when overthrown in November last

to attempt to get some sort of foundation out of the wreck to stand upon. If it admitted the inevitable logic of the disaster and did not succeed in turning aside that logic it was forever and inevitably overthrown; and so the highest art of the Democratic party has been brought to bear to readjust the issues and to explain away the results of 1894.

It was remarkable that the audacity of the Democratic party should have dared to suggest the expedient to which they have resorted. The very strength of the effort lies in the unqualified audacity thereof. Overwhelmed from ocean to ocean upon an issue of their own choosing, an issue about which there could be no question, the Democratic party of the country has turned around and declared that the whole contest in the United States is about something else, and they say (and that is the declaration of the party now from one end of the country to the other): "We have been overwhelmingly defeated; we can not deny that. A majority of nearly 100 in the House of Representatives has been suddenly transformed in a single election to a majority of more than 140 the other way; but the result is a repudiation of the McKinley law. We went to battle upon an issue which we ourselves made, and we were swept as no other political party in the whole history of American politics was ever swept before; but our enemies were defeated at the same time and on the same question."

Let us state this question now fairly: The Republican party in the Fifty-first Congress passed the McKinley law. It passed it in pursuance of the platform of 1888, the solemn declaration of the Republican party. The language of that platform is in the words following, to wit:

We are uncompromisingly in favor of the American system of protection; we protest against its destruction as proposed by the President and his party. They serve the interests of Europe; we will support the interests of America. We accept the issue, and confidently appeal to the people for their judgment. The protective system must be maintained. Its abandonment has always been followed by general disaster to all interests except those of the usurer and the sheriff. We denounce the Mills bill as destructive to the general business, the labor, and the farming interests of the country, and we heartily indorse the consistent and patriotic action of the Republican representatives in Congress in opposing its passage.

We condemn the proposition of the Democratic party to place wool on the free list, and we insist that the duties thereon shall be adjusted and maintained so as to furnish full and adequate protection to that industry.

There was nobody who misunderstood that platform. There was not any other issue in the campaign of 1888 than this that amounted to a serious matter of consideration. Political orators discussed other questions as ornamental features of their speeches. They ornamented and decorated their oratorical effusions with discussions of other questions. But the real question, as everybody knows, was the question of the tariff, and the issue was fought out upon this platform, and there was nobody who stood more enthusiastically upon this platform than did the Hon. Benjamin Harrison, of Indiana. He was the candidate of the Republican party, and he shouted in favor of this platform. He did not modify it; he did not explain it away; he did not agologize for it; and the victory was won in November on it, and the party in the Fifty-first Congress followed it—followed the dictates of the party declaration at Chicago.

Nobody said in that Congress that we were going beyond Republican principles and Republican declarations. The House of Representatives passed the bill on the 21st of May, 1890; the Committee on Ways and Means had been made by Hon. THOMAS B. REED of Maine, the Speaker of the House of Representatives, than whom there is not a clearer, more intelligent, or more thoroughly competent exponent of Republican principles living. He never made any declaration of opposition to the McKinley law, and from that day to this has never dissented from the action of the Republican party in that Congress. The members of that committee were selected by him, and they represented the best elements of the Republican party of the United States of America.

They were not organized upon factional lines or sectional lines. They were out and out Republicans, clear-headed and intelligent; and they submitted their work to the House of Representatives, and it was indorsed; and after a long study in the Senate, with such men as ALLISON and SHERMAN and ALDRICH and others, it was passed in the Senate, and the amendments of the Senate were concurred in by the House, and it became the work not of McKinley, not of REED, not of ALDRICH, not of ALLISON, but the work of the Republican party of the United States of America. There was not a clear-headed, intelligent Republican in the United States who was not in favor of the McKinley bill of 1890 as it passed both branches of Congress.

The men who to-day go talking about having told you so are talking in the air. There were differences of opinion during the progress of the construction and passage of the bill. There was one important difference of opinion growing out of the third section of the bill. One wing of the party, one set of gentlemen, believed that the reciprocity clause ought to be framed upon the provision that there should be free trade in the commodities of the reciprocating countries, and that the President should be au-

thorized, in the line of treaties, or the refusal of reciprocal concessions, to attach duties to the products of those countries. There was a grave doubt of the constitutionality of this procedure. The other wing of the party or the other division of sentiment advocated the provision that was put into the third section, that the duty should be put on and remitted under reciprocal arrangements by proclamation of the President. It was a simple question of whether the President should be authorized by law to levy and assess duties, or whether he should be simply authorized to remit duties already levied by Congress.

The law went into effect. It is not necessary now to discuss whether or not the vote of 1890 and the vote of 1892 were intelligent, wise, and thoroughly considered expressions of the sentiment of the American people. It is enough for my purpose to show that there was no disclaimer. Point, my Democratic friend, to the time and place when and where a leader of the Republican party in the United States, in the contest of 1890 or in the contest of 1892, ever once said that the McKinley bill was not in accord with Republican sentiment in the United States. There may have been here and there a newspaper that said it; for we have an occasional great organ in remote States which is free trade and revenue tariff and all sorts of tariff for eleven months in the year and which then wabbles around and supports the Republican idea of protection one month in the year.

But tell me where a convention of a Republican State in the United States, in the great contest of 1890 or of 1892, apologized for the McKinley law. Mr. Harrison, the candidate of the Republican party in that unfortunate year, did not hesitate to indorse the McKinley law without qualification; and Mr. Blaine, who is so often quoted by the Democrats now that he is dead, now that they can no longer abuse him and traduce him, and crucify him politically, and charge him with every species of outrage that can be framed into the English language, indorsed the McKinley law in the enthusiastic language of that magnetic and magnificent leader as no man else ever did indorse the McKinley law.

That is where we stood, Mr. Speaker, when the campaign of 1892 broke upon us. We stood like brave men standing by the right, standing by principle, standing as a rock in the ocean, defying everybody, defying criticism, defying the Democratic party without and critics within, if there had been any, but there was none.

The campaign of 1892 was fought upon the following platform of principles announced at Minneapolis by the unanimous report of the committee on platform and by the unanimous indorsement of that mighty convention:

We reaffirm the American doctrine of protection. We call attention to its growth abroad. We maintain that the prosperous condition of our country is largely due to the wise revenue legislation of the last Republican Congress. We believe that all articles which can not be produced in the United States, except luxuries, should be admitted free of duty, and that on all imports coming into competition with the products of American labor there should be levied duties equal to the difference between wages abroad and at home.

We assert that the prices of manufactured articles of general consumption have been reduced under the operations of the tariff act of 1890.

We denounce the efforts of the Democratic majority of the House of Representatives to destroy our tariff laws piecemeal, as manifested by their attacks upon wool, lead, and lead ores, the chief product of a number of States, and we ask the people for their judgment thereon.

We point to the success of the Republican policy of reciprocity under which our export trade has vastly increased, and new and enlarged markets have been opened for the products of our farms and workshops. We remind the people of the bitter opposition of the Democratic party to this practical business measure, and claim that, executed by a Republican Administration, our present laws will eventually give us control of the trade of the world.

It will be seen by an analysis of this tariff plank that not only was the general principle of protection indorsed without qualification, but the great convention at Minneapolis pointed with pride to the operation of the McKinley law, both as to its effect upon manufactures and its effect upon wages, and in an especial manner its effect upon our export trade. Not only so, but it assailed the Democratic party for its criticism of the schedules of the McKinley law:

We denounce the efforts of the Democratic majority of the House of Representatives to destroy our tariff laws by piecemeal, as manifested by their attacks upon wool, lead, and lead ores, the chief products of a number of States; and we ask the people for their judgment thereon.

There was not any mistake about that. We stood by the whole McKinley Act—more than it is necessary to do now.

Mr. Speaker, I warn my Democratic brethren that post-bellum declarations will not avail them anything. It is not worth while for the I-told-you-so fellows to go around now and talk about what they have always believed and always understood. They never believed anything but that the McKinley bill was right, and they never understood anything but that that was the party declaration; and they never said anything, and the man does not live who protested; the man does not live who, in 1890 or 1892, occupying a prominent and distinguished position in the Republican party, said, "There are some things in the McKinley law that I do not exactly indorse."

Of course there were matters of detail that we differed about; there is always that. Of course we were not unanimous upon the

schedules when the bill passed Congress; that is impossible to contemplate or imagine. Nothing of the kind ever happened in the history of tariff legislation. But upon the great principle of protection I stand here to say to my Democratic friends, you are fighting a straw man of your own creation. There was no Republican who opposed the McKinley law upon principle. Now and then one in the House of Representatives or the Senate fluttered and blustered and for reasons of his own may have made some declamations, may have made some orations, may have dealt in oratory, but they all voted and they all stood in and they all indorsed and they were all together.

Then what followed? Two defeats. That of 1890 came too soon upon us, without any opportunity to defend. Every measure of this character must have its day, its full day, its long day, its elaborate day, in the court of public opinion, and this one did not have its day. It was enacted in the early days of October and the vote was cast in November; and the tricks and misrepresentation and the misunderstandings of our people were something absolutely amazing. And then 1892; and, as our great champion and distinguished leader has well said in the North American Review, the Democratic party in the campaign of 1892 got the benefit of its bad character.

It had a reputation and character in the United States for not telling the truth, for making representations before the election that they did not carry out after the election, and so when it declared in favor of substantial free trade nobody believed it; did not believe there was any danger that they would do it, and so they won. They won on their bad character; they won on the reputation they had for telling untruths; they got the ear of the public and carried the public with them upon the assumption that they would not tell the truth and did not tell the truth, and would not do what they said they would do. And then came the election of 1892 and the signal defeat to the Republican party, and then what?

Then came a most remarkable result. It was not forty-eight hours from the time Mr. Cleveland was elected until this disaster, which has now swept like a simoon over the country and laid fortunes low and beggared hundreds of thousands of men and made millions of men and women and children hungry and drove them to despair and desperation, had begun to come. The great steel works in Pennsylvania cut its wages 10 per cent within forty-eight hours of the election of Cleveland. They did not give the Democratic party the benefit of its bad character. The managers of that institution believed the Democratic party would tell the truth; they believed that they were going to do exactly what they said they were going to do, and from that day to this disaster has swept over this country.

It is not worth while to discuss this question. It is not worth while to spend breath, Mr. Speaker. Printers' ink is worth something; white paper is worth something; time is worth something. There is no use to discuss the question of what has devastated the interests of the country. On the day that Grover Cleveland was elected in 1892 there was not an unemployed man in the United States who wanted to work, and they were all working at fair wages. There was not an unemployed coal miner; there was not an unemployed operative of a manufacturing industry; there was not an idle man upon the farms; there was not an idle man in the shops of the United States; they were all working—not working for very high wages, but fair remuneration. The trouble came. What caused it?

Why, Mr. Speaker, that is a matter *res adjudicata*. We went to the country in 1894 and asked the country to say what caused it. The Democratic party came here into Congress, passed the Wilson bill in the House and the Gorman-Brice bill in the Senate, the one absolutely destructive of all the industries of the country, fraught with indescribable and irresistible ruin to every industrial institution on the continent; the other a modification with, as it has been said, protection in spots, protection to certain industries, protection to sugar, protection to rice, some protection to coal and iron, protection here and protection there, free trade here and ruin there. The people of the country had a long twelve-months session of this Congress, which began on the 7th day of August, before they voted. The submission was intelligent, the submission was without qualification. The submission was a submission that everybody understood.

We went into the election of 1894 condemning the Democratic party for its course on the tariff question. We went into the campaign of that year charging that the hard times of 1893 and 1894 were the result of the declaration of the Democratic party that it would repeal and destroy protection in this country. That was the only issue. Who made any other issue? Tell me when it was and where it was that upon any considerable scope of country anybody on behalf of the Republican party made any other issue than that. Where was it, when was it, who was it, what did he say? We assailed the Democratic party for its record in the Fifty-third Congress. We assailed it for the destruction of the McKinley law; not for the destruction of its schedules; not because it

had repealed the tariff on clothes or hosiery; not that. But because it had aimed a blow at the great principle of protection to American industry; because it had refused to maintain the barriers which the Republican party had erected between the labor of foreign countries and the labor of this country.

That was what it was; that was the issue, and it was not any other issue. Now, what did we win on, my Democratic friends? What did we win on in this battle from which you emerged shouting that McKinleyism was dead? We won on the public opinion as to which was right, the McKinley law of 1890, or the Wilson-Gorman law of 1894. That is what we won on, that is what we went to battle about.

Why, Mr. Speaker, is there any other issue that can sweep this country like a simoon from San Francisco to Calais? There were controversies in Colorado about free silver, there were controversies in the new States all along the line about free silver, there was a difference of opinion between Republicans in Indiana and Nebraska and Iowa and New York and New England, but upon the issues of the campaign of 1894 they all voted together.

The first gun of the campaign was in Oregon, a State more or less in favor of and largely tending toward free silver. That was the first gun of the battle. It resounded from ocean to ocean, and its echoes were met and the reverberation was sent backward across the continent and over the mountain tops from Vermont and Maine; and the same unparalleled results piled up mountain high, and those grand men who helped to frame the committee and frame the McKinley bill, and who supported it without qualification upon the floor of Congress, were sent back to the Fifty-fourth Congress by unparalleled majorities. And then what happened? Why, the election came and it was like a simoon; it was like a cyclone and it was everywhere; it uprooted everything; it tore down everything; it spoke in tones of thunder from the Atlantic to the Pacific. Every other issue was swept out of the way. Colorado came piling up its magnificent majority side by side with Massachusetts and Connecticut, New Jersey and West Virginia, Tennessee and Kentucky, Missouri and Nebraska—all of them—all alike.

There came over the telegraph wires on ante-election dates to the press of the country that Minnesota was wavering, that Wisconsin was in doubt, that Michigan was uncertain and Iowa was in peril, and districts of Ohio and districts of Indiana were in doubt; but when the result came every Representative from Michigan, every Representative from Wisconsin, the solid vote of Iowa, the solid vote of Indiana, almost the solid vote of Illinois, only two lacking in Ohio, practically the solid vote of Pennsylvania, all of New Jersey, all of Connecticut, all of Rhode Island, all of Massachusetts but one, all of New York but five—all Republicans, all standing upon the platform, the single great, controlling, overpowering plank, which was Republican protection to American industry.

That was the battle, Mr. Speaker. What is the use of a Democrat coming here upon the floor of Congress and talking about McKinleyism being dead? Dead! Dead in the embodiment of 245 Republican Representatives to stand upon this floor in the next Congress, all elected upon the platform of Republican protection; all elected without a protest against a single schedule of the McKinley bill. Who thought about schedules, who talked in the campaign of 1894 about the tariff upon clothes and the rate upon calico? Who spoke anywhere about the rates of the McKinley law as compared with the rates of the schedules of the Wilson bill? Who talked about it? Nobody charged with any duty, nobody authorized by any political party or any political organization. The whole burden of our campaign was that the Democratic party is seeking to overthrow just and adequate protection to American industry. We are for that principle; they are against it. That was the shibboleth, and in *hoc signo vinces!*

The talk about changing the issue upon which the Republicans are to fight the battle of 1896, and deserting protection, comes from two sources only. The Democratic leaders want it to a man. They realize that it was the tariff which defeated them both this year and last, and that will inevitably defeat them again. They are anxious for the change which some alleged Republican organs are foolish enough to suggest.

If they can only induce the Republicans to fight the campaign of 1896 on the money question, if there is any such question at issue between the two great parties, or on any other issue except the tariff, they might stand some chance of winning. They have no hope whatever of carrying the country on the tariff.

The other class who talk about the necessity of a new issue are the few Republicans who, in the excess of their eagerness for some particular Presidential candidate, fear his chances for a nomination will not be improved by giving too great prominence to the idea of protection to our home industries—one of the great fundamental principles of the Republican party. They do not want the protective idea prominent because they see that with the tariff as the issue their favorite candidate for the Presidency might not be uppermost. I can not see what the gentlemen who talk about

conservative protection mean. Protection is either protection which protects or it is no protection at all. You can not qualify, modify, or amend it. This is the simple logic of the matter as understood by the plain people everywhere.

What is conservative protection? Do they mean by that the Gorman-Brice-Wilson law which the country repudiated so overwhelmingly at the recent election? Surely that law might be classed as conservative protection, as I understand the term, when it does protect at all. If we are to accept that then we must stand on the defensive, for we will be compelled to fight the campaign of 1896 on the ground which the Democrats have chosen and already occupy. If we are not to accept that law as conservative protection, then will some member of Congress kindly express in a bill introduced at the present session of Congress or the next exactly what is meant, and give the whole country a sample of this particular kind of protection.

It seems to me that the men who talk about the impracticability of making a national campaign on the protection issue have not read political history well or properly comprehended its most important lessons. They ignore the fact that the law of 1890 was the most just and reasonable tariff law ever enacted by any party at any period since the organization of the Government and was happily adjusted to the conditions then existing. It enforced the principle of protection more vigorously and fully than ever before, and was repeatedly indorsed by Republican conventions as the best embodiment of the protective principle ever put on our statute books.

It will be remembered that Mr. Blaine at first complained that the bill did not recognize and enforce the doctrine of reciprocity, but it should also be recalled in that direction that he subsequently declared in a letter to Mr. Joseph H. Manley, of his State, in 1892, that "the wisdom of the McKinley tariff had been amply vindicated by experience." He declared that it was found to have worked admirably, and that within the last year it had produced a greater volume of business, internal and external, export and import, than the United States ever transacted before.

Notwithstanding the character and extent of the opposition to it—said Mr. Blaine—

agriculture is remunerative, manufactures are prosperous, and commerce more flourishing than at any previous time, thus vindicating the McKinley tariff by an impressive and undeniable series of facts.

Thus it will be seen that the men who so glibly condemn the law of 1890 now forget the great gain in trade it brought to us. It not only sustained the protective principle most effectively, but at the same time it gave to this country the largest foreign trade and the largest free list of noncompeting foreign products it has ever known. What more do these gentlemen want? Does any true Republican claim that the McKinley law, so called, did not embody Republican principle, or sentiment, as expressed at the last Republican national convention previous to its enactment, or that it was not applicable to the times when enacted? The men who now declare Republican protection extreme, and who loudly proclaim that the party must take a middle course, whatever makeshift that may signify, are the same men who talked that way in 1890, 1891, 1892, 1893, and again this year. If the great doctrine of protection should point to one Republican leader more than another, that is indeed a poor reason for abandoning the principle so close to the hearts of the American people, upon which it is everywhere conceded that we won our unprecedented victories in November.

The Republican national convention in 1896 will fix the platform of the party. Wise men will not hasten to anticipate its action or usurp its functions. It is well to observe that platforms are not made to fit the candidate, but the candidate is chosen to fit the platform. The Republican party will not furl its victorious banners, and the Presidential candidate of the party will not be taken from that small class of Republicans who favor compromising one of the great principles of its party creed. There has been no interview in the public prints for a long time which impressed the Republicans of the country more favorably than the recent expression of Congressman BOUTELLE of Maine. To my mind he has done the party a great service in stating its position on the tariff so clearly and forcibly.

I can not better occupy space on this matter than to publish the interview of the distinguished, able, and experienced gentleman in full:

CONGRESSMAN BOUTELLE'S TIMELY PROTEST.

I have no patience—

Continued Mr. BOUTELLE—

with any Republicans who permit themselves to be made catspaws by the Democratic and Mugwump newspapers that are laboring to belittle and break the force of the great protection victory of 1891 by intimations that the Republican party has in some way weakened or retrograded from its former stand upon the tariff question. It is an old trick of the Democracy to invent a phrase or catchword which they seek to make odious by iteration, and then use it as a bugaboo with which to scare timid and feather-brained Republicans. "Bleeding Kansas," "bloody shirt," and "force bill" are examples, and just now, after the awful thrashing administered by the people, they are

desperately shouting against "McKinleyism," and claiming that it shared in their defeat.

The transparent trick is to ask some unsuspicious Republican whether our party "will reenact the McKinley law," and if he answers that future conditions may indicate some possible change of rate in some item of some schedule the Democratic paper instantly reports said Republican as having declared that "McKinleyism is dead," and that the party will never think of restoring it. Of course the obvious purpose is to get the impression abroad that the Republicans have repented of or repudiated the tariff legislation of 1890 as too pronounced in the line of protection, and that the result of the recent elections has caused the Republicans to become conservative as to the importance of preserving our home markets and encouraging our own industries.

The falsehood of this pretense is shown by every fact of the recent campaign. Never before in political history was there a contest in which the main issue was made so overshadowing or its triumph so pronounced as in the elections of this year, when the principles of protection to American industry received the most overwhelming indorsement ever given by the American people; and it was not only a victory for the principle, but a complete triumph for the system of Republican protection enacted in 1890 as against the assault made upon it by the Wilson-Brice-Gorman monstrosity enacted by the Democrats.

The attempt to impart a prejudice against the tariff legislation of 1890 by characterizing it as "McKinleyism" and representing it as something indefensible is an insult to the Republican Congress that gave to the country two years ago what was incomparably the wisest, most thoroughly systematized, most carefully considered, and most beneficial tariff legislation ever framed. It represented not simply McKinleyism, but Aldrichism, Reedism, and Republicanism. None of the leaders of the Republican party were then anxious to assign to the distinguished chairman of the Committee on Ways and Means all the responsibility for all the glory of that great achievement of legislation in the most difficult of all fields. It was recognized with its splendidly beneficent features, and its unavoidable but minor imperfections, as the work upon which the Republican party would appeal for the support of the people; and, while misrepresentation defeated us at the elections held before its effects were apparent, the voters of the United States had this year, with unparalleled emphasis, denounced the warfare made upon it, and commanded a return to the principles and systems that gave the United States in 1892 the highest degree of prosperity ever attained by any people.

The battle was fought squarely on the issue between the fruits of the Republican legislation of 1890 and the paralysis and disaster that followed the Democratic tariff-smashing assault upon that legislation. The result of the battle, from Maine to Iowa, from Connecticut to the new States and Territories of the far West, has been so emphatic a verdict in favor of protection that no political party will ever dare to put a free-trade plank in its platform, or ask the people to open the American market for the products of the cheap labor of foreign lands.

Instead of retreating, the great army of protection has advanced its standards and lifted them higher than ever before. The demand for the preservation of the American market for the products of our own industry, and for such protection as will guarantee to American workmen the greatest practicable diversification of employments, and the highest possible wages consistent with the general welfare of the whole people, has been uttered at the polls this year in stentorian tones, and any man or set of men in any party who disregard or seek to misinterpret that mandate will fail to muster a corporal's guard of supporters among the intelligent and patriotic citizens who form the future hope and safeguard of the Republic.

In conclusion, Mr. Chairman, the defeat of the Republican party in 1890 and 1892 has been over and over again successfully explained, and it has been demonstrated to the satisfaction of every intelligent man as follows:

First. The McKinley law operated as an enormous impetus to the growth, prosperity, and profitability of the manufacturing industries of the country. It enlarged the scope, it increased the profit, it brought enormous sums of money to this country, and gave a grand forward impetus to our industrial system.

Second. It increased wages in many of the branches of labor. It lowered wages in none. It gave employment to all the labor of the United States, and made profitable the investments of United States capital.

Third. It caused a magnificent increase in our foreign trade, opened up through the reciprocity features alone a great scope of country in which we had had no traffic, and gave us a profitable trade—all of which has been cut off by the repeal of the McKinley law.

Fourth. It did not enhance the cost of living to the American laborer or the American citizen, and on the contrary, at the close of the operations of the McKinley law, the commodities that enter into the life of the family, and the support of the laborer and those dependent on him were lower than ever before in the United States.

So that it had operated to benefit all classes of people in the United States, and was rapidly promoting our foreign commerce to an extent almost unheard of.

Fifth. The repeal of the McKinley law and the substitution of the Wilson-Gorman law produced uncertainty and stagnation first, ruin and devastation afterwards. It turned hundreds of thousands of American laborers entirely out of employment. It caused a reduction of wages of many others. It cut off our foreign trade, and limited us to supply the wants of our own people. The repeal of reciprocity closed the avenues of profitable commerce to our merchants abroad. It brought distress and finally hunger. It brought dismay and finally despair. And, in conclusion, the course of wisdom, the path of common sense, are plainly before the people of the United States. The situation calls loudly upon us to retrace our steps, and by an intelligent tariff law, framed upon the conditions as they shall exist when the legislation is enacted, restore a system of protective tariff, and in so doing restore prosperity to the people of the United States.

The Currency.

SPEECH

OF

HON. WILLIAM ARTHUR M'KEIGHAN,

OF NEBRASKA.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) authorizing the Secretary of the Treasury to issue bonds to maintain the gold reserve, and to redeem and retire United States notes, and for other purposes—

Mr. M'KEIGHAN said:

Mr. CHAIRMAN: The proposition to retire the greenback currency and the silver Treasury notes and to substitute interest-bearing bonds in their stead is the proposition now under consideration by this body. The provision contained in the bill that no legal tenders shall be retired until a like amount of national-bank bills have been issued in their stead is well calculated to deceive some of the members of this House, as well as a goodly number of the people of the country. I desire to call attention to the fact that there is nothing in this bill to prevent the national banks from retiring their currency to any extent they see fit, as soon as they have accomplished their purpose, viz, the retirement and cancellation of about \$500,000,000 of the best paper money that the people of this country have ever had in use.

I do not care to call in question the motives of the advocates of this measure, but with them I desire to take flat and emphatic issue. A short time ago on the floor of this House I called attention to the so-called credit-strengthening act of 1869; to the act of 1870, known as the funding act; to the act of 1873 dropping the coinage of the silver dollar, and to the repeal of the purchase clause of the Sherman Act at a time when the people of the country were driven by the whip and spur of the Administration. I have listened with patient attention to the arguments presented on this floor in favor of so-called "honest money" and for the payment of our national obligations in what they choose to call "best money."

I listened with careful attention to my friend from Pennsylvania [Mr. BROSIUS] in his defense of the act of 1869, the plighting of the faith of the nation to the payment of all the obligations of the Government in coin. When I asked the gentleman the question if it were not true that the then existing obligations of the Government that were payable in lawful money were not negotiated at a higher rate of interest because they were so payable he frankly admitted that they were.

Here, then, is the position of the gentleman from Pennsylvania, as I understand him. That after the Government had met the holders of these bonds and at the higgling of the market had sold its bonds, payable in lawful money, and bearing 7.3 per cent interest, to compensate the holders thereof for said payment in lawful money, that it was then the duty of the Government in the name of the national faith and national honor, to pay the said 7.30 bonds in coin. I do not agree with the gentleman from Pennsylvania in this position, for if it is correct every soldier and sailor who served in the Army and Navy should receive full compensation for the difference in the price of coin and paper at the date of every payment made to the Army and Navy. And I do not remember hearing this proposition made by any of the advocates of so-called "honest money."

I am not able to bring myself to believe that the rights of the bond-holding classes or those who live on fixed incomes should be more sacred than the rights of those who furnish the Government supplies or those who have risked their lives in the weary camps or on the trampled plains of war. The gentleman from Pennsylvania may be able to justify his position if he considers only the former class. But, Mr. Chairman, if he calmly considers all that is involved in this proposition, if he considers the equities in all the time contracts that he now seeks to make payable in the dearest money known to the civilized world, or if he would pause long enough to reflect on the present deplorable condition of the great mass of our people who must toil or starve, I feel that his remarks would be less ornate and that they would contain more staple.

The Supreme Court of the United States, in one of the legal-tender decisions, has said "the obligation of a contract to pay money is an obligation not to pay specifically defined money, but to pay that that the law recognizes as money when the payment is to be made." I have not the time at my disposal to point out the follies of past financial legislation at any length, and will content myself by calling the attention of my Republican friends on this floor to the fact that it has been the fixed policy of the Repub-

lican party ever since 1860 to legislate for organized wealth, and in my judgment against the interests of the great mass of our people.

It is my conviction that the present Secretary of the Treasury never would have dared to issue bonds, never would have dared to propose the retirement of the legal tenders had he not been urged on by wealthy investors who by reason of past triumphs have become bold and arrogant. For more than thirty years they have thronged the halls of the House and Senate. They have raised the hypocritical cry of national honor, national faith, national credit, and "honest money."

With these deceitful words on their lips, and in their hearts the miser's greed for gold, they have paused not to consider, and they do not now pause to consider the rights and interests of the great mass of the people whose families sit around a hearth of dying embers with the gaunt wolf of hunger snarling at the door. Their representatives on this floor to-day tell us that this is a business question, and they tell us of the resolutions passed by banking associations and chambers of commerce. It is, indeed, a business question, and it should be dealt with by the agents of the American people with the same honesty and fidelity that we would expect from the agents of private firms and individuals.

The bill as it is reported from the committee has arraigned as a criminal, before this body, the money which saved the life of the nation at a time when gold had been hid away by men whose only idea of patriotism was a business idea. While thousands marched to death as to a banquet, these patriotic capitalists stayed at home and speculated out of the nation's disaster. The men who held this so-called "best money" did not propose to let the Government or the people have the use of it without paying an enormous premium.

They robbed the Government and the people then and called it business; they are doing the same thing now and they call it business. The difference between the proposition that comes to us from the Committee on Banking and Currency and the one offered as a substitute by the gentleman from Maine [Mr. REED] is simply this: That the President boldly and plainly recommended the retirement of all the legal-tender and silver Treasury notes issued under the provisions of the Sherman law and the substitution of interest-bearing bonds in their stead. The committee, acting on the suggestions offered by the President, have reported this bill, which arraigns as a criminal before this House and the country the people's money.

It is now on trial, and if the committee can succeed in passing this bill this form of currency will be condemned and executed. The gentleman from Maine proposes to gather from the hard earnings of the people enough of money to create a surplus in the Treasury, so that when the legal tenders are presented for redemption they are to be locked in the vaults of the Treasury as prisoners. The bill of the committee would destroy this currency, while the substitute proposed by the gentleman from Maine would prevent its circulation among the people and leave the national banks the opportunity to supply all the paper money of the country.

It is time that we pause here and consider the inconsistency of the men who are to-day advocating on this floor the destruction of the only money that is redeemable in coin, much less gold coin. When the gentleman from Massachusetts [Mr. WALKER] proposes to pass a law to compel the national banks to redeem their bills in coin, their advocates on this floor are strenuous in their opposition to it.

Suppose that this bill were to become a law and the legal tenders and silver Treasury notes were retired and canceled. Our condition would then be this: Having discredited silver, stopped its coinage, thus making gold the money of final redemption, the people would not have a dollar of legal-tender money with which to pay their debts without buying gold from those who hold it. This is the plan urged upon this Congress by men who profess to believe in a redeemable currency. Their idea of a redeemable currency seems to be to destroy the redeemable currency of the country and to substitute the bills of national banks in its stead. "Consistency, thou art a jewel."

Those who advocate a single gold standard and the retirement of the legal tenders are all the time warning us of the danger of a gold premium. I call the attention of this House to the fact that those who live on fixed incomes have in the past and are now enjoying the benefits of a gold premium in the increased purchasing power of their money; while the consequent low prices of commodities have paralyzed the productive industries of the country. The banks of this country hold in their vaults at the present time \$200,000,000 in gold. A gold premium of even 5 per cent would bring into their coffers a handsome profit in dollars that they have never earned. If their position on this question were correct I would be free to admit that the Treasury Department was in a very grave situation, but their position is not a correct one.

There is no legal or moral obligation on the part of the Government to redeem the silver Treasury notes in gold. Every dollar of legal tender or silver Treasury notes presented at the Treasury

Department are redeemable in either gold or silver coin at the option of the Government. There never was any law passed by Congress providing for their redemption in gold coin. It is true that it has been the policy of the Treasury Department to redeem all its obligations in gold. This has encouraged the advocates of monometallism to make these raids on the Treasury in order to force the issue of bonds. The Secretary of the Treasury may redeem the Government obligations in either gold or silver coin at his option, and if that option were used to protect the Treasury and the people of this country the raid on the Treasury would cease at once.

The advocates of this measure tell us that they propose to borrow a large amount of this gold abroad. Do they not know that the English people hold enough of our securities, and can put enough of them on sale in our own market to take from us all the gold that we would borrow and all that we have at present besides the product of our gold mines for years to come. The only escape from the perils that now threaten our people is for the Secretary of the Treasury to obey the law as it is, not only in letter but in spirit, and for Congress to undo the unwise legislation of the past by restoring silver to the position which it had occupied for all the years before 1873. We have heard much during this discussion about the policy of the Government. I insist that it is the duty of the Treasury Department, as well as of this Administration, to execute the law as they find it.

Congress, representing the people, is the only body authorized to declare the policy of the Government, and no President of the United States or Secretary of the Treasury should be allowed to pursue any policy that would nullify the laws of this country. A few words with regard to the predictions made by the advocates of a single gold standard at the beginning of the extra session of the Fifty-third Congress. Just before the extra session certain parties conspired to make a run on the gold reserve. Their object was evidently the repeal of the purchase clause of the Sherman law. They were then presenting the silver Treasury notes and demanding gold in order to create the impression in the public mind that the coinage of silver must be stopped.

Gentlemen on this floor well remember that the whip and spur of the Administration was used to procure the said repeal. Many honest men were led to believe that as soon as the purchase clause of the Sherman law was repealed that some legislation friendly to silver would be enacted. They have had a rude awakening and discover that these same parties are now raiding the Treasury with legal tenders in order to force their retirement. All the promises that prosperity would come with the repeal of the Sherman law have failed of fulfillment. The country has gone from bad to worse. The value of gold has gone higher and higher, while the value of property has sunk lower and lower. Notwithstanding these facts their advocates on this floor are here with a fresh crop of promises for a fresh crop of fools.

I am glad that the money power have at last thrown off the mask and declared their purpose. This question has been forced to the front and must be settled and settled right before prosperity will come to our people. Before it is settled there must and will be a new alignment of parties. The two great parties of the country are hopelessly divided among themselves, and I predict that the next national campaign will be one in which the great mass of our people will demand some remedial legislation and enforce their demands at the ballot box.

The centralizing tendency of organized wealth threatens the subversion of the Government. Political leaders actuated by the sole desire to seize and hold the emoluments of office crowd themselves into national conventions and make platforms for the sole purpose of deceiving the people, and having gained power they basely surrender to the greed of the creditor class and forget the great mass of the common people, whose patriotism established and preserved the Government and whose skill and industry have made us great among the nations of the earth.

Perhaps for the last time on this floor I again appeal to you of the majority and you of the minority to consider the present condition of the industrial interests of this country. Listen to the murmur of discontent that comes up from every State from the ranks of those who earn their bread in the sweat of their brow. If we wish this Government to continue to lead the world in the onward march we must zealously guard and protect the rights of the humblest citizen as well as those of the foreign and domestic creditor. This is my conception of the duty of this body; aye, it is my idea of national honor.

The present Congress is rapidly drawing to a close, soon it will have passed into the history of the country, and I would that in these parting hours the members of this body could rise above the passions and prejudices of party and, actuated by true patriotism, rescue the country from its present perilous position.

This Congress has had a great opportunity to bring the sunlight of prosperity and happiness to tens of thousands of homes that now rest under the shadow of debts that they can never hope to discharge if the policy of monometallism is to be continued. I

am not vain enough to believe that I am different from many others on this floor in that I love this country. My ambition is to make it stronger and better. If we expect the great mass of the American people to support, protect, and defend the Government, the Government must protect them in all their rights.

If we continue to legislate for the few and against the many the people will turn their backs on a Government that has turned its back on them. The masses of the American people stand to-day, as they have always stood, ready and willing to make any and all sacrifices, ready and willing to meet and bear all necessary hardships. Yes, ready and willing to do and dare and die in defense of a Government whose laws are just and justly administered. But, Mr. Chairman, we can not afford to close our eyes to the fact that among the great mass of idle men the feeling of discontent is being intensified. Thousands of men ready and willing to work are being fed by charity. The growing need for charitable institutions is apparent on every hand.

Reverse the present financial policy, give the American people justice, and there will be less need for charity. If we fail to do this, the nation that is to-day the light of the world may end its light in darkness and bloodshed. Surely every patriotic heart will respond to the call of duty in the fulfillment of the sacred obligations that we owe to those who sent us here. This can only be done by the enactment of laws giving to all our people the chance to earn a full recompense for honest toil.

It has been the ambition of my life to live and see the time when just and righteous laws would rule, and when millions would be spent to enlighten the world where millions are now spent for swords, bayonets, cannon, and battle ships to kill and destroy thousands of God's creatures in order that a favored few may wear the mantle of wealth and ride roughshod over the rights of the many. Let us build more schools and fewer forts. Let us lead the world in that grand policy inaugurated by Him who taught us that we are "our brother's keeper." This policy will make us a prosperous and happy people. It is the only true path to national greatness. Shall we abandon this great highway of national honor, national prosperity, and national greatness for the one pointed out to us by those who seek to—

Reap where they have not sown
And gather where they have not strewn?

The Gold Bond Contract.

'Twill be recorded for a precedent,
And many an error, by the same example,
Will rush into the State. It can not be.
[The Merchant of Venice.]

SPEECH

OF

HON. WILLIAM J. BRYAN,

OF NEBRASKA,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1895.

The House having under consideration the joint resolution (H. Res. 273) authorizing the issue of \$65,116,275 of gold 3 per cent bonds—

Mr. BRYAN said:

Mr. SPEAKER: This resolution embodies two purposes. It proposes to ratify the contract made by the Executive by authorizing the substitution of gold bonds to the amount of \$65,116,275, bearing interest at a rate not exceeding 3 per cent, and payable not more than thirty years after date, in accordance with the request made in the President's message, and it also provides that greenbacks and Treasury notes redeemed with the gold purchased with these bonds shall not be reissued.

I desire to call the attention of the House to the fact that the latter provision is intended to lock up in the Treasury \$65,000,000 of legal-tender paper without making any provision whatever to supply the place of that currency. If we vote for this proposition, we vote to retire that much money without filling the void.

Mr. WARNER. Will the gentleman allow me to ask him a question?

Mr. BRYAN. I hope I shall not be interrupted.

Mr. WARNER. Does not the gold fill the void? [Cries of "No!"]

Mr. BRYAN. Mr. Speaker, the House knows that when I have time I never object to questions, and it is only because of my limited time to-day that I ask gentlemen not to interrupt me. In answer to the question, however, I would say that unless the greenbacks and Treasury notes are reissued they will accumulate and a few more bond issues will retire all of them and deprive the country of that much of its circulating medium. For all practical purposes it is equivalent to a cancellation of this money and will offer a constant temptation to those who oppose greenbacks to draw out the

gold and force further issues of bonds for the purpose of getting this kind of money out of the way.

But the main question presented by this resolution is whether we shall ratify the contract made by the Executive and issue gold bonds in order to save about a half million a year in interest. The supporters of this resolution urge us to consider it as a business proposition and I shall discuss it as a business proposition. One gentleman has suggested that Democrats ought not to criticize the Administration. I want it understood that, so far as I am concerned, when I took the oath of office as a member of Congress, there was no mental reservation that I would not speak out against an outrage committed against my constituents, even when committed by the President of the United States. [Loud applause.]

The President of the United States is only a man. We intrust the administration of government to men, and when we do so, we know that they are liable to err. When men are in public office we expect them to make mistakes—even so exalted an official as the President is liable to make mistakes. And if the President does make a mistake, what should Congress do? Ought it to blindly approve his mistake, or do we owe it to the people of the United States, and even to the President himself, to correct the mistake so that it will not be made again? But some gentlemen say that the Democratic party should stand by the President. What has he done for the party since the last election to earn its gratitude? I want to suggest to my Democratic friends that the party owes no great debt of gratitude to its President. What gratitude should we feel? The gratitude which a confiding ward feels toward his guardian without bond who has squandered a rich estate. What gratitude should we feel? The gratitude which a passenger feels toward the trainman who has opened a switch and precipitated a wreck. What has he done for the party? He has attempted to inoculate it with Republican virus, and blood poisoning has set in. [Laughter and applause.]

What is the duty of the Democratic party? If it still loves its President, it is its duty, as I understand it, to prove that it has at least one attribute of divinity left by chastening him whom it loveth. [Laughter and applause.]

Mr. Speaker, I do not intend to question the motives of the officials who are responsible for this contract. We might criticize the conduct of the President in excluding all other advisers and consulting only with the magnates of Wall street; and we might even suggest that he could no more expect to escape unharmed from such associations than one could expect to escape asphyxiation if he locked himself up in a room and turned on the gas—but without questioning the motive of the President, I say, we have a right to express our judgment as to whether the discretion vested in the President has been wisely exercised. We are told that this is not only a business proposition but a very insignificant question—just a little matter of saving half a million a year, that is all.

Mr. Speaker, I desire to ask these gentlemen who are always coming here with these "business propositions," why it is that no advocate of the gold standard dares to stand before the American people and unfold the full plan of the gold conspiracy. Why is it that our opponents keep bringing up one proposition at a time and saying, "An emergency is upon us; let us adopt this proposition at once and leave the final settlement of the money question until some other time?" Why is it that we never reach a time when these gentlemen are willing to consider the greatest of all the questions which are demanding settlement at the hands of the American people? Save \$16,000,000 in thirty years? Why, sirs, this is a bigger question than \$16,000,000.

Will you set a price upon human life? Will you weigh in the balance the misery of the people? What is the value of civilization to the human race—because the settlement of this "little question" may enormously affect the welfare of mankind. [Applause.] And yet, gentlemen talk about its being a matter of small consequence, a little question, the mere saving of half a million dollars a year. Save the people \$16,000,000 in thirty years—twenty-five cents apiece—by this resolution and \$16,000,000,000 will not measure the damage which may result to them in a third of that time.

What is this contract? I am glad that it has been made public. It is a contract made by the Executive of a great nation with the representatives of foreign money lenders. It is a contract made with men who are desirous of changing the financial policy of this country. They recognize by their actions that the United States has the right to pay coin obligations in either gold or silver and they come to us with the insolent proposition, "we will give you \$16,000,000, paying a proportionate amount each year, if the United States will change its financial policy to suit us." Never before has such a bribe been offered to our people by a foreign syndicate, and we ought to so act that such a bribe will never be offered again. By this contract we not only negotiate with foreigners for a change in our financial policy but give them an option on future loans. They are to have the option on all bonds which may be issued before the first of next October.

What would be the effect of such a condition? Do you suppose that anybody else will care to bid when it is known that these men have the refusal of all bonds at any price? It makes a popular loan impossible. If these men alone bid for the next issue they can

insist upon a condition that they shall have an option on a still further issue of bonds. Shall we bind ourselves to these men perpetually? I shall not raise the question, because I am not prepared to discuss it from a legal standpoint, whether the President has a right to sell an option on bonds which may be hereafter issued, but, sirs, I will say that, if he has the right, I believe he has made an inexcusable use of the discretion vested in him. We can not afford to put ourselves in the hands of the Rothschilds, who hold mortgages on most of the thrones of Europe.

The press dispatches stated that the French steamer, *La Gascogne*, when she came into port a few days ago, had three red lanterns on her foremast, signifying: "Get out of the way, I can not control my course." The President may be persuaded that this country has reached a point where it can not control its own course and must supplicate foreign financiers to protect our treasury, but he mistakes the sentiment of the American people if he thinks that they share with him in this alarm. The United States is able to take care of itself. It can preserve its credit and protect its people without purchasing at a high price the "financial influence" or the "legitimate efforts" of banking corporations, foreign or domestic.

I call attention also to the fact that these bonds may be made payable in thirty years. The contract does not call for thirty-year bonds; it says that "any bonds of the United States," payable in gold, and drawing 3 per cent interest, may be substituted in the place of the coin bonds. But there seems to be a fear that the bond buyers may insist that the spirit of the contract would compel the issue of thirty-year bonds. In describing this contract, Mr. Speaker, I find in "The Merchant of Venice" language more expressive than any I can command. That language fits the contract which we are asked to ratify, and is as follows:

SHYLOCK.

This kindness will I show:
Go with me to a notary, seal me there
Your single bond, and, in a merry sport,
If you repay me not on such a day,
In such a place, such sum or sums as are
Express'd in the condition, let the forfeit
Be nominated for an equal pound
Of your fair flesh, to be cut off and taken
In what part of your body pleaseth me.

ANTONIO. Yes, Shylock, I will seal unto this bond.

Mr. BOWEN. Who wrote that; Shakespeare or Bacon? [Laughter.]

Mr. BRYAN. I shall leave Mr. Donnelly and Mr. Ingersoll to settle the question of authorship. But, Mr. Speaker, it was decided that Shylock's bond, while it called for a pound of flesh, did not include any blood. The difference between the construction placed upon that bond and the construction which this House is asked to place upon the contract before us is, that we are asked to make the construction so liberal as to include the blood with the flesh. We have a right, according to the terms of the contract, to substitute a short-time bond, and yet the resolution permits the Secretary to issue a thirty-year bond.

This House is not prepared to give its sanction to a policy which contemplates a permanent public debt, but the rule adopted allows no opportunity for an amendment limiting the bonds to five or ten years. If we give the Secretary of the Treasury authority to issue a thirty-year bond, he is powerless to resist the demands of the bond purchasers, because the contract is made; ten days only are given for the exercise of the option; he can not negotiate with anybody else; he can not offer bonds to anybody else; he is in their hands; he must make a thirty-year bond if they ask it—and who doubts that they will ask it?

There is another objection to this contract. It provides for the private sale of coin bonds, running thirty years, at \$1.04½ which ought to be worth \$1.19 in the open market, and which could have been sold at public auction for \$1.15 without the least effort.

Why this sacrifice of the interest of the United States? The Government's credit was not in danger; the bonds of the United States were selling in the market every day at a regular premium. The same kind of bonds, having only twelve years to run, were selling at over \$1.12. What excuse was there for selling a thirty-year bond for \$1.04½? What defense can be made for this gift of something like seven millions and a half dollars to the bond syndicate? We are told that we can avoid the sale of coin bonds at \$1.04½ by authorizing 3 per cent gold bonds. What a privilege! Why, it is less than three months since ten-year coin bonds were sold by the President at a premium which reduced the rate of interest to less than 3 per cent.

Has the credit of the country fallen so much in three months that a thirty-year 3 per cent gold bond is worth less now than a ten-year 3 per cent coin bond was then? Nothing has occurred within three months, except the President's messages, to injure the credit of the country. If the President is correct in assuming that the financial world places a higher estimate upon gold bonds than upon coin bonds, why did he not secure a higher price for gold bonds? Did not purchasers know three months ago that coin bonds could be paid in silver? They certainly did, and yet they were willing to loan money on those bonds for a short time at a lower

rate of interest than Messrs. Morgan and Rothschild now offer to loan on long-time gold bonds.

But why are gold bonds demanded? Gentlemen say that all our bonds are in fact payable in gold now. They either are payable in gold or they are not. If they are, then this legislation is not needed; if they are not, then the proposed legislation is a radical and violent change of policy. We insist that outstanding bonds are payable in gold or silver and that the United States has the right to choose the coin. The men who contracted for coin bonds understood this, and insisted upon a higher rate of interest on the ground that they might be paid in silver. By what authority, then, does the President declare in his message: "Of course there should never be a doubt in any quarter as to the redemption in gold of the bonds of the Government which are made payable in coin." Is he not aware of the fact that the debtor always has the choice of the coin, where only coin is mentioned? Is he not aware of the adoption of the Matthews resolution in 1878? That resolution expressly declared the right of the Government to pay its bonds in either gold or silver. The resolution reads as follows:

That all the bonds of the United States issued or authorized to be issued under the said act of Congress hereinbefore recited, are payable, principal and interest, at the option of the Government of the United States, in silver dollars of the coinage of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coin as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditors.

That policy has never been changed by law, but the resolution before us makes a departure from the settled policy of the Government and provides for a bond payable specifically in gold. Do members realize the influence which would be exerted upon the public generally by the adoption of this resolution? The gentleman from Florida [Mr. COOPER] told us that his city recently issued gold bonds and we know that pressure is being brought to bear on other cities and on individuals to induce them to enter into gold contracts. If the Government discredits silver by making these bonds payable in gold only, it will set an example which will go far toward compelling all borrowers to promise payment in gold. As gold contracts increase in number the demand for gold will increase.

What a farce for men to talk about maintaining the parity between the metals by means of legislation which directly tends to destroy the parity and drive gold to a premium! The legislation proposed will either pledge the Government to redeem all bonds in gold or it will discredit bonds already in existence. The probability is that the adoption of this resolution would be followed immediately by a demand from the holders of other bonds that they be put upon the same gold footing. I say probably; I may say that such a course is certain. No sooner had the President asked for authority to issue gold bonds than his faithful lieutenant in the Senate, Mr. Hill, offered a resolution pledging the Government to redeem all bonds in gold if gold goes to a premium. This remarkable resolution reads as follows:

Resolved (If the House of Representatives concur), That it is the sense of Congress that the true policy of the Government requires that its efforts should be steadily directed to the establishment of a safe system of bimetalism, wherein gold and silver may be maintained at a parity, and every dollar coined may be the equal in value and power of every other dollar coined or issued by the United States; but if our efforts to establish or maintain such bimetalism shall not be wholly successful, and if for any reason our silver coin shall not hereafter be at parity with gold coin and the equal thereof in value and power in the market and in the payment of debts, then it is hereby declared that the bonds of the United States now or hereafter issued which by their terms are payable in coin, shall nevertheless, be paid in standard gold dollars, it being the policy of the United States that its creditors shall at all times be paid in the best money in use.

This would not only pledge the Government to the payment of previous issues in gold but would relieve the recent purchasers from the loss which they guarded against by an extortionate interest and yet leave them to enjoy the fruits of their extortion. Thus does one vicious proposition tread upon the heels of another. Mr. Hill's plan is even worse than the President's, for under the plan of the latter, the bondholder would bear whatever loss might arise if gold should happen to fall below silver, but Mr. Hill's plan burdens the Government with all the risk and guarantees to the bondholder all the chance of gain. Not only is Mr. Hill's plan directly antagonistic to the principle of bimetalism, but it offers a reward to the creditor if he can destroy the parity between the metals, whereas the creditor is interested in maintaining the parity when the option lies with the Government.

It is alarming to note the aggressiveness of the creditor classes, and humiliating to think that Congress should be asked to comply with their wishes regardless of consequences. The first effect of this movement in the direction of gold contracts would be to reduce the amount of our primary money and to build our entire credit system upon a narrow base of gold. Think of making an indebtedness, public and private, of \$13,000,000,000, payable in gold, with only \$600,000,000 of gold in the country, and that an estimate!

The Government estimate of gold coin in the United States on the 1st of January, 1895, was about \$600,000,000, and of that sum only about \$214,000,000 was visible. About \$100,000,000 was in the Treasury of the United States, and \$114,000,000 was held by national banks. Beyond that, no one knows the whereabouts of any large amount of this gold. We know that no large amount of gold is in circulation among the people, or in hiding, and yet, with only \$214,000,000 of visible gold, the United States is expected to conduct

a safe business on a gold basis. To make the attempt is to invite a panic—nay, more, it is to guarantee disaster.

And yet, Mr. Speaker, if the immediate effect is bad, the ultimate effect of the proposed policy is infinitely worse. Every act of legislation discriminating against silver gives an impetus to the movement in favor of a gold standard and makes the restoration of bimetalism more difficult. No one act could, in my judgment, do more to obstruct the reestablishment of free bimetallic coinage as it existed prior to 1873 than the act which the President is attempting to force upon Congress. Are the gentlemen who are urging it deceived as to its purpose and necessary effect when they speak of it as an insignificant matter, or do they presume upon the credulity of their hearers? Believing that it is a long step in the direction of universal gold monometallism, and believing that universal gold monometallism would bring to this country continuous and increasing financial distress beyond the power of language to exaggerate, we protest against the passage of this resolution. If we love our country and are interested in its welfare, no sacrifice on our part should be too great, if necessary to prevent the adoption of such a policy by this, the foremost nation upon the earth.

While the question immediately before us is whether we shall authorize the issue of gold bonds, I ask you to consider for a moment whether we need to issue bonds of any kind. Bonds have been issued to replenish the gold reserve, and the gold reserve has been drawn out because the holders of greenbacks and Treasury notes have been allowed to designate the coin of redemption. In other words, the option which belongs to the Government has been surrendered to the holders of the notes, and this has been done, not by legislative enactment, but by an administrative policy. If the withdrawal of gold could be stopped no bonds would be necessary. It becomes important, therefore, to know whether the Government has a legal right to protect itself from gold grabbing by redeeming greenbacks and Treasury notes in silver when silver is more convenient. On the 21st of January, 1895, Secretary Carlisle made a statement before the House Committee on Appropriations, and I quote the following question and answer from a printed report of his testimony:

MR. SIBLEY. I would like to ask you (perhaps not entirely connected with the matter under discussion) what objection there could be to having the option of redeeming either in silver or gold lie with the Treasury instead of the note holder? SECRETARY CARLISLE. If that policy had been adopted at the beginning of resumption—and I am not saying this for the purpose of criticizing the action of any of my predecessors, or anybody else—but if the policy of reserving to the Government, at the beginning of resumption, the option of redeeming in gold or silver all its paper presented, I believe it would have worked beneficially, and there would have been no trouble growing out of it, but the Secretaries of the Treasury from the beginning of resumption have pursued a policy of redeeming in gold or silver, at the option of the holder of the paper, and if any Secretary had afterwards attempted to change that policy and force silver upon a man who wanted gold, or gold upon a man who wanted silver, and especially if he had made that attempt at such a critical period as we have had in the last two years, my judgment is, it would have been very disastrous. There is a vast difference between establishing a policy at the beginning, and reversing a policy after it has been long established, and, especially, after the situation has been changed.

This is sufficient proof that the Secretary of the Treasury has the legal right to redeem greenbacks and Treasury notes in silver, but is restrained by the fear that, a different precedent having been established, an exercise of the legal right at this time would be "very disastrous."

Senator Sherman in March, 1878, in testimony given before a Senate committee, also recognized the right of the Government to redeem greenbacks with silver. I quote from his testimony:

SENATOR BAYARD. You speak of resumption upon a bimetallic basis being easier. Do you make that proposition irrespective of the readjustment of the relative values of the two metals as we have declared them?

SENATOR SHERMAN. I think so. Our more right to pay in silver would deter a great many people from presenting notes for redemption who would readily do so if they could get the lighter and more portable coin in exchange. Besides gold coin can be exported, while silver coin could not be exported, because its market value is less than its coin value.

SENATOR BAYARD. By the 1st of July next or the 1st of January next you have eighteen or twenty millions of silver dollars which are in circulation and payable for duties, and how long do you suppose this short supply of silver and your control of it by your coinage will keep it equivalent to gold—when one is worth 10 cents less than the other?

SENATOR SHERMAN. Just so long as it can be used for anything that gold is used for. It will be worth in this country the par of gold until it becomes so abundant and bulky that people will become tired of carrying it about; but in our country that can be avoided by depositing it for coin certificates.

No law has ever been passed surrendering the Government's right to redeem in silver; and it is as valuable now as it was just after the passage of the Bland law of 1876, which restored silver as a part of our standard money. The testimony above quoted was given by Senator Sherman, then Secretary of the Treasury, soon after the passage of the Bland act and before the resumption of specie payment.

Now, notwithstanding the fact that the Government has a legal right to redeem in silver and thus protect the people from the gold hoarders and gold exporters, the President continues to pay in gold even when gold must be purchased by an issue of bonds, and we can not authorize the issue of any bonds for the purpose of buying gold, without indorsing the policy which permits the drain of gold and thus gives an excuse for a bond issue. So far, the surrender to the note holder of the right to designate the coin of payment is purely an act of the Executive and has never received legislative approval.

If it is said that the President will issue bonds anyhow and that

we ought, therefore, to authorize a bond drawing a lower rate of interest, I reply that until we can restrain the President from further increasing our bonded indebtedness and compel him to protect the Government by redeeming in silver when that is more convenient, we can better afford to allow him to bear the responsibility alone than, by approving his course, pledge the Government to a continuation of his policy. If the Secretary thinks that it would now be disastrous to depart from a precedent established by a former Secretary of the Treasury, how much more difficult it would be to change the policy after once indorsing it by an act of Congress.

So long as the note holder has the option, bonds may be issued over and over again without avail. Gold will be withdrawn either directly or indirectly for the purpose of buying bonds, and an issue of bonds compelled again, whenever bond buyers have a surplus of money awaiting investment. This experiment has been tried, but, instead of convincing the President of the futility of bond issues, it has simply led him to try a new experiment. By purchasing gold in Europe he may enlarge the circle around which the gold must pass, but he will not change the operation or protect the Government. The only remedy is the restoration of the bimetallic principle and the exercise of the option to redeem greenbacks and Treasury notes in silver whenever silver is more convenient, or whenever such a course is necessary to prevent a run upon the Treasury. To delay the remedy is to prolong our embarrassment; to authorize bonds of any kind is to rivet upon the country the policy which has brought our present troubles upon us; to authorize bonds payable specifically in gold is to invite new difficulties and to establish a still more dangerous precedent.

I am glad to hear some of our Republican friends denounce this gold-bond proposition, but are they not in effect condemning a Republican policy? The gold bond is the legitimate result of the policy inaugurated and continued by Republican administrations. It was a Republican administration which first surrendered to the note holder the option to demand gold in redemption of greenbacks and Treasury notes, and it was rumored that President Harrison was preparing to issue bonds to buy gold just before his term expired. The substitute for the Springer bill, that is, the substitute offered by the gentleman from Maine [Mr. REED], authorized the issue of coin bonds to buy gold, and yet the Republicans, almost without exception, voted for that substitute.

I offered an amendment to the Reed substitute, an amendment which reaffirmed the Mathews resolution declaring all coin bonds payable in gold or silver, and yet less than twenty (I think only thirteen) Republicans voted for my amendment. The great majority of the Republicans thus declared that coin bonds are gold bonds in fact. If coin bonds are really gold bonds, there is less reason for agitation about the use of the word gold in the bond. We, who believe that greenbacks and Treasury notes are redeemable in either gold or silver at the option of the Government—we, who believe in the right of the Government to redeem its coin bonds in either gold or silver—we, I say, can object to gold bonds as a violent change in our monetary policy, but those who insist that greenbacks, Treasury notes, and coin bonds are all payable in gold on demand have far less reason to criticize the President.

I repeat, the President is simply carrying a Republican policy to its logical conclusion. If the Republicans are in earnest in their opposition to gold bonds let them come with us and help to make all bonds unnecessary by restoring the bimetallic principle and exercising the option vested in the Government to redeem coin obligations in either gold or silver. The Government is helpless so long as it refuses to exercise this option.

Mr. DUNN. Don't you want to make it more helpless?

Mr. BRYAN. No, sir; I do not propose to make it more helpless. I propose the only policy which will help the Government. I propose the only policy which will stop the leak in the Treasury. I only ask that the Treasury Department shall be administered in behalf of the American people, and not in behalf of the Rothschilds and other foreign bankers. [Applause on the Democratic side.]

But, Mr. Speaker, I desire, in conclusion, to call the attention of our Eastern brethren to the fact that this controversy can be no longer delayed. The issue has come and it must be met. On these financial questions we find that the Democrats of the East and the Republicans of the East lock arms and proceed to carry out their policies, regardless of the interests and the wishes of the rest of the country. If they form this union, offensive and defensive, they must expect that the rest of the people of the country will drop party lines, if necessary, and unite to preserve their homes and their welfare. [Applause.]

If this is sectionalism, the East has set the example. The demand of our Eastern brethren, both Republicans and Democrats, is for a steadily appreciating monetary standard. They are creditors; they hold our bonds and our mortgages, and, as the dollars increase in purchasing power, our debts increase and the holders of our bonds and mortgages gather in an unearned increment. They are seeking to reap where they did not sow; they are seeking to collect that to which they are not entitled; they favor spoliation under the forms of law. The necessary result of their policy is the building up of a plutocracy which will make servants of the rest of the people.

This effort has gone on steadily, and, for the most part, stealthily,

during the past twenty years, and this gold bond proposition is but another step in the direction of financial bondage. But I warn them that no slavery was ever perpetual. It has often been attempted, it has even been successfully attempted for a time, but the shackles are always broken at last. Bondage is ephemeral, freedom is eternal. "Weeping may endure for a night, but joy cometh in the morning." [Applause.]

The time will come when the unjust demands and the oppressive exactions of our Eastern brethren will compel the South and West to unite in the restoration of an honest dollar—a dollar which will defraud neither debtor nor creditor, a dollar based upon two metals, "the gold and silver coinage of the Constitution." "Thomas Jefferson still survives" and his principles will yet triumph. He taught equality before the law; he taught that all citizens are equally entitled to the consideration of government; he taught that it is the highest duty of government to protect each citizen from injury at the hands of any other citizen. We seek to apply his principles to-day to this great question; we seek to protect the debtor from the greed of the creditor; we seek to protect society from the avarice of the capitalist. We believe that in the restoration of bimetallicism we shall secure the reestablishment of equity and restore prosperity to our country. [Prolonged applause.]

APPENDIX. CONTRACT.

This agreement entered into this 8th day of February, 1895, between the Secretary of the Treasury of the United States, of the first part, and Messrs. August Belmont & Co., of New York, on behalf of Messrs. N. M. Rothschild & Sons, of London, England, and themselves, and Messrs. J. P. Morgan & Co., of New York, on behalf of Messrs. J. S. Morgan & Co., of London, and themselves, parties of the second part.

Witnesseth: Whereas it is provided by the Revised Statutes of the United States (section 3700) that the Secretary of the Treasury may purchase coin with any of the bonds or notes of the United States authorized by law at such rates and upon such terms as he may deem most advantageous to the public interests; and the Secretary of the Treasury now deems that an emergency exists in which the public interests require that, as hereinafter provided, coin shall be purchased with the bonds of the United States, of the description hereinafter mentioned, authorized to be issued under the act entitled "An act to provide for the resumption of specie payments," approved January 14, 1875, being bonds of the United States described in act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the national debt."

Now, therefore, the said parties of the second part hereby agree to sell and deliver to the United States 8,500,000 ounces of standard gold coin of the United States, at the rate of \$17.8041 per ounce, payable in United States 4 per cent thirty-year coupon or registered bonds, said bonds to be dated February 1, 1895, and payable at the pleasure of the United States after thirty years from date, issued under the acts of Congress of July 14, 1870, January 20, 1871, and January 14, 1875, bearing interest at the rate of 4 per cent per annum, payable quarterly.

First. Such purchase and sale of gold coin being made on the following conditions:

1. At least one-half of all coin deliverable hereunder shall be obtained in and shipped from Europe, but the shipments shall not be required to exceed 300,000 ounces per month, unless the parties of the second part shall consent thereto.

2. All deliveries shall be made at any of the subtreasuries or at any other legal depository of the United States.

3. All gold coins delivered shall be received on the basis of 25.8 grains of standard gold per dollar, if within limit of tolerance.

4. Bonds delivered under this contract are to be delivered free of accrued interest, which is to be assumed and paid by the parties of the second part at the time of their delivery to them.

Second. Should the Secretary of the Treasury desire to offer or sell any bonds of the United States on or before the 1st day of October, 1895, he shall first offer the same to the parties of the second part; but thereafter he shall be free from every such obligation to the parties of the second part.

Third. The Secretary of the Treasury hereby reserves the right, within ten days from the date hereof, in case he shall receive authority from Congress therefor, to substitute any bonds of the United States, bearing 8 per cent interest, of which the principal and interest shall be specifically payable in United States gold coin of the present weight and fineness for the bonds herein alluded to; such 8 per cent bonds to be accepted by the parties of the second part at par, i. e., at \$18.00000 per ounce of standard gold.

Fourth. No bonds shall be delivered to the parties of the second part, or either of them, except in payment for coin from time to time received hereunder; whereupon the Secretary of the Treasury of the United States shall and will (silver the bonds as herein provided, at such places as shall be designated by the parties of the second part. Any expense of delivery out of the United States shall be assumed and paid by the parties of the second part.

Fifth. In consideration of the purchase of such coin, the parties of the second part, and their associates hereunder, assume and will bear all the expense and inevitable loss of bringing gold from Europe hereunder; and, as far as lies in their power, will exert all financial influence and will make all legitimate efforts to protect the Treasury of the United States against the withdrawal of gold pending the complete performance of this contract.

In witness whereof the parties hereto have hereunto set their hands in five parts this 8th day of February, 1895.

J. G. CARLISLE.

Secretary of the Treasury.

AUGUST BELMONT & CO.,

On behalf of Messrs. N. M. Rothschild & Sons, London, and themselves.

J. P. MORGAN & CO.,

On behalf of Messrs. J. S. Morgan & Co., London, and themselves.

Attest:

W. E. CURTIS.

FRANCIS LYNDIE STEINSON.

VIEWS OF THE MINORITY.

(On H. Res. 275.)

Owing to the limited time allowed for preparing a report (it being necessary to file the report within a few hours after the bill was agreed upon) the undersigned dissenting members of the committee are precluded from presenting their views with that elaboration which the importance of the subject would otherwise justify; but they beg to state briefly the most important reason which leads them to disapprove of the measure recommended by the majority of the committee.

First. The issue of bonds of any kind is only needed to replenish the gold reserve; and the gold reserve only needs replenishing because the Secretary of the Treasury redeems United States notes and Treasury notes in the kind of coins selected by the note holder. The note holder has no legal right to choose the coin in which the obligation shall be redeemed, but has been permitted to exercise that right by a policy inaugurated by the Treasury Department at or soon after the date of the resumption of specie payment. The opinion of the Secretary of the Treasury, Mr. Carlisle, recently given, is clear upon this point. On the 21st of January, 1895, a statement was made before the House Committee on Appropriations by Secretary Carlisle, in a printed report of which will be found the following question and answer:

"Mr. SIBLEY. I would like to ask you (perhaps not entirely connected with the matter under discussion) what objection there could be to having the option of redeeming either in silver or gold lie with the Treasury instead of the note holder?"

"Secretary CARLISLE. If that policy had been adopted at the beginning of resumption—and I am not saying this for the purpose of criticizing the action of any of my predecessors, or anybody else—but if the policy of reserving to the Government, at the beginning of resumption, the option of redeeming in gold or silver all its paper presented, I believe it would have worked beneficially, and there would have been no trouble growing out of it; but the Secretaries of the Treasury from the beginning of resumption have pursued a policy of redeeming in gold or silver at the option of the holder of the paper, and if any Secretary had afterwards attempted to change that policy and force silver upon a man who wanted gold, or gold upon a man who wanted silver, and especially if he had made that attempt at such a critical period as we have had in the last two years, my judgment is, it would have been very disastrous. There is a vast difference between establishing a policy at the beginning, and reversing a policy after it has been long established, and especially after the situation has been changed."

No one contends that the executive department of the Government can bind the Government or pledge its faith and credit by the adoption of such a policy. To so hold would be to assert that the Executive can make and repeal laws without the concurrence of the Senate and House of Representatives. Believing that the Secretary of the Treasury has now by law the right to redeem legal-tender notes by the payment of either gold or silver coin, whichever is most convenient for the Government; and believing that the exercise of this discretion by the Secretary of the Treasury is absolutely necessary to protect the Government from organized and unorganized raids upon the coin reserve, we are not willing to indorse, directly or by implication, the administrative policy which has precipitated the present financial conditions. Neither are we willing, by authorizing bonds for the purchase of gold, to pledge the Government to a policy which discriminates against silver as a standard money and recognizes gold as the only money of ultimate redemption. So long as the note holder is allowed to choose the coin in which he is to be paid, so long will it be futile to attempt to maintain a gold reserve.

Recent experience shows that gold secured by the issue of bonds is at once drawn out by those who are interested in having more bonds issued, and thus the public debt is increased to the detriment of the taxpayer and for the benefit only of those who desire a safe investment for surplus funds. We do not believe that any real advantage will be gained by securing the gold abroad.

It is urged that a change of policy at this time will cause embarrassment. If that be true the blame must be borne by those who first inaugurated the policy and by those who have adhered to it in spite of the clear intent and letter of the law. We have only to consider whether it is wiser to resume an exercise of rights preserved by existing laws or to aggravate our present difficulties by delaying relief and entering upon new experiments. We have no hesitation in declaring it as our conviction that there is no remedy, permanent in character or promising in results, except an immediate exercise by the Secretary of the Treasury of the right to redeem United States notes and Treasury notes in standard silver coin whenever it is more convenient for the Government to do so, and we further believe that the greatest dangers which can possibly attend such a course are infinitely less than the evils which are certain to follow an adherence to the present policy.

Second. If we were willing to authorize the issue of bonds at this time to purchase gold, we would still be opposed to bonds payable specifically in gold, because an issue of such bonds would either pledge the Government to the redemption of all obligations in gold or make a discrimination against coin obligations now outstanding. There is no question that the issue of gold bonds now would at once be followed by a demand for an act making existing bonds payable in gold, and it would be urged that it would be disastrous to depart from the policy of gold bonds when once inaugurated, just as it is now urged that it will be disastrous for the Government to resume a discretion which has been temporarily surrendered to the note holder.

It is impossible to overestimate the evil influence which would be exerted by the issue of gold bonds by the Government, because such action would naturally and necessarily encourage if not actually compel the issue of gold bonds by all public and private corporations and the making of gold contracts by individuals generally. Such an increased strain upon gold would manifest itself in a further rise in the purchasing power of the dollar and in a further and distressing addition to the load of debt now borne by the people.

Third. If we were in favor of an issue of gold bonds we would still be opposed to the issue of bonds running for thirty years. According to the terms of the contract the bond purchasers agree to accept 3 per cent gold bonds without mentioning the date of payment, but it can not be doubted that the purchasers will insist upon a thirty-year bond if discretion is given to the Secretary of the Treasury to issue such a bond.

Fourth. If we were willing to authorize the issue of thirty-year gold bonds we would still be opposed to recognizing or ratifying a contract as harsh in its terms and as imperious in its demands as the contract insisted upon by the bond purchasers.

Fifth. If we were willing to approve of such a contract under ordinary circumstances we would still be opposed to approving it when made by a sovereign government with foreign financiers under circumstances which suggest a desire upon the part of the subjects of another country to purchase a change in the financial policy of this nation for a sum stated.

These are some of the reasons which lead us to withhold our support from the measure recommended by a majority of the committee, and they are, in our judgment, sufficient to justify our dissent. If further reasons were necessary they might be found in the fact that the contract provides for the sale of coin bonds at about 104, which would sell in the market at about 110; in the fact that the contract agrees to sell thirty-year gold bonds, drawing 3 per cent interest, for less than the Government three months ago sold twelve-year coin bonds, and in the additional fact that foreign investors are by the contract given a preference over American investors in the purchase of any bonds which may be issued before next October, and are also given a preference now over the American investors who but a short time ago stood ready to purchase more bonds than were then offered.

WILLIAM J. BRYAN.
JUSTIN B. WHITING.

Mr. McMILLIN and Mr. WHEELER of Alabama, while dissenting from the majority of the committee, reserve an expression of their views until they have an opportunity to present them more at length upon the floor of the House.

The Currency.

SPEECH

OF

HON. THOMAS R. STOCKDALE,

OF MISSISSIPPI,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, February 6, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8706) to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve, and to redeem and retire gold notes, and for other purposes—

Mr. STOCKDALE said:

Mr. CHAIRMAN: The object in striking out this section, it seems to me, ought to be explained. This section 5 is in itself meaningless in comparison with the present law. It says—

That after the 1st day of July, 1895, all duties on imports shall be paid in gold coin only.

That is all right; but the next amendment provides—

That demands other than duties on imports accruing or becoming due to the United States shall be paid in gold and silver coin, etc.

Now, what does that mean?

Mr. LIVINGSTON. Or Treasury notes—

Mr. STOCKDALE. It does not say gold or silver; it says in gold and silver.

Mr. LIVINGSTON. But the object is manifestly that it may be paid in gold or silver coin, Treasury notes, and so on.

Mr. WILLIAMS of Mississippi. That is what it intends, but it does not so specify.

Mr. STOCKDALE. That word "and," if that is the intention, should be stricken out and "or" inserted; so as to read "gold or silver coin," and so on.

The bill at least ought to have something respectable in it. It ought to be good in grammatical construction at least, because if it is not that it is nothing. [Laughter.]

It certainly is no part of a monetary system; the best that can be said of it is, it is a desperate expedient.

The gentleman from Pennsylvania made the true point on the bill, and the only argument that went to the merits and root of this question, a few moments ago, when he objected to an amendment because it curtailed the profits of the banks. Unwittingly the object of the bill was let out. Its object is to encourage banking. It has come to this plainly, in the United States, that the business of banking is regarded as an industry that must be fostered and protected, an industry far superior, in the opinion of many legislators, to any other in the country. The bill is, in my judgment, offered for the purpose of fostering United States banks, and the effect will be to encourage good profits to the United States bankers at the expense of the people.

One of the most vicious evils that has corrupted legislation in this country is the influence the handlers of money exert over the enactments of Congress effecting the currency of the country. Money is created by the Government for the use of the people in business transactions and that alone, and so sacred is it held to that use that heavy penalties are inflicted for the counterfeiting or mutilating it or in any way interfering with it. Money is intended by the Government solely for circulation, and whoever hoards it and keeps it out of circulation to that extent thwarts the beneficent objects of the Government and commits a crime against the people, who have the right to have it circulate.

The Government is, in good faith to its people, bound to issue and keep issued an amount of money ample for the use of trade. When it fails in that it falls in its duty to its citizens, and when it allows the money to be hoarded by its citizens or corporations and taken out of circulation for the purpose of reducing the volume of money below the needs of the people, the Government becomes derelict in its duty the same as though it failed to issue enough at the outset. And when the Government issues only enough money for use, and then not only allows it to be taken out of circulation to depress prices, but enacts legislation to aid people to do that, it becomes not only criminal, but basely criminal.

I am sorry to know that my friend from Tennessee [Mr. PATTERSON] has changed his opinions and given in his adhesion to the gold standard, and given his great ability to a cause he once vigorously opposed. As to his declaration that he believed in ten years the South would be with him, Mr. Chairman, the Southern people will never indorse the doctrine of a single gold standard—that is Republican doctrine. I hope that within less than ten years the gentleman from Tennessee will be with the people of the South. Mohammed must go to the mountain, and I am sorry to be compelled to say that we have to look to the gentleman from Maine [Mr. REED], whom we have regarded heretofore as rather tyrannical in his methods and policies for conservatism, and certainly

his proposition is more conservative than this bill, and a better bill than the one we are asked to support, and if he will accept the Bryan amendment may pass the House.

But this bill now under discussion is to my mind intolerable, in view of the history of the last twenty years and especially of the last two years. The conspiracy that culminated in the demonetization of silver in 1873—surreptitiously and basely accomplished, and it has been openly charged in both Houses of Congress that it was corruptly done—was the beginning of a scheme that has extended far beyond, no doubt, any conception of its authors. The contest for and against the coinage of silver has been fierce and bitter all that time and is still on the lists for combat. Disastrous effects followed, and the thousand millions that the holders of bonds and currency made out of it lost the people of this country at least ten times that amount in losses consequent upon that action. The American people were indignant at such betrayal of their interests and their confidence and demanded the restoration of the legal-tender power to silver.

After a long and bitter contest of five years silver was made legal tender again, but the coinage was confined to two millions, with a possibility of four millions, per month; but free coinage as practiced by our fathers was left in defeat. Again the people rallied to the rescue and were on the eve of success, free coinage almost in their grasp; again those consummate schemers began to compass the defeat of silver coinage, with the prince of schemers at their head, and the Sherman law of 1890 was the result.

Many silver men were caught by it, believing that the authors and promoters were in good faith; but when the then Secretary of the Treasury abdicated the high function which the Congress had intrusted to his keeping and allowed the note holders to exercise their discretion and demand gold when the law gave the Secretary the discretion, and expected him to exercise it in the interests of the people instead of the gold owners only, and pay in silver when he did not have gold; and we have the high authority of the present Secretary that had that course been inaugurated at the beginning no trouble would exist now.

The whole country became alarmed at the financial condition in 1893, and to remedy it the President convened Congress in August of that year.

In his message to the extra session he announced in forcible and graphic terms the causes that moved him to call Congress in extraordinary session in these words:

Our unfortunate financial plight is not the result of untoward events nor of conditions related to our natural resources; nor is it traceable to any of the afflictions which frequently check national growth and prosperity. With piteous crops, with abundant promise of remunerative production and manufacture, with unusual invitation to safe investment, and with satisfactory assurance to business enterprise, suddenly financial distrust and fear have sprung up on every side. Numerous moneyed institutions have suspended because abundant assets were not immediately available to meet the demand of frightened depositors.

And as I said on a former occasion in this House:

And he might have added that the food and staple producers of this country are well nigh in despair at the prospect of selling below cost the fruits of their farms on account of the mismanaged finances; our vessels reefing sails and banking fires in our ports, and the great fleets that come from every clime to bear away our surplus production seeking other seas, and a suspicion engendered among the people that the financial system of the country is either radically defective or dishonestly managed.

This wondrous race, always so self-reliant, stands awe-stricken in presence of the situation—a mighty nation on the eve of financial convulsion, prosperity withering as in the simoom's breath, and values shriveling up. The people who had \$2,000,000,000 and still have over \$1,800,000,000 on deposit can not get it; the producers whose sole sale for crops ask in consternation, "What engine of destruction is abroad causing this havoc? What Nemesis broods over the land that business shall stand still in dread? What Upas roots permeate the soil that agriculture shall be stifled? What convention of ills is it that the great business men of America retreat from, and the Administration can not cope with, but at the nation's earnest demand hastily convenes Congress to lead the forlorn hope against it?"

Sixty-five millions of people wait with bated breath for the answer. And their ears will soon be astonished to hear the voice of the assembled wisdom of the greatest nation of the world after fourteen mortal days of discussion and consideration issuing from the halls of the nation's Capitol, that all these stupendous disasters are due to the Sherman law. The inquiry will follow, "What were its weapons and its mode of destruction?" There is one response, and only one, and in that all the gold monometallists concur, and rest their case upon it, to wit: "The Sherman law has destroyed confidence by driving gold out of the country."

That "tom tom" was sounded from all the house tops and served its purpose. To-day those who believed in that fiasco are ashamed of it. Those who urged it to influence the timid are complacent at the success of the ruse.

I spoke further on August 21, 1893, in opposing the repeal of the purchasing clause of the Sherman Act, and give this extract from my remarks then:

The banks are all gathering every dollar they can rake and scrape and putting out none, making money scarcer all the time, putting it more and more out of the power of those who have borrowed depositors' money to pay it back. Money owners who have large sums of money to invest are holding it waiting for property to go to bottom prices—waiting until people are compelled to sell at 50 cents on the dollar. We are advised by these gentlemen to take a recess after the Sherman law shall be repealed. Certainly, destroy silver coinage, reduce property to still lower prices, and then, like obedient servants, go home and leave the panic on the farmers, until speculators can buy their wheat at 40 and 50 cents a bushel and then come back and make

good times for the speculators to sell it in. Perhaps it may last long enough to enable them to get the cotton crop at 5 or 6 cents per pound.

The President's message puts it briefly but strongly when it says:

"At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding, or may even find profit in the fluctuation of values."

The harvest is not yet quite ripe enough for the speculators and the capitalists. When the scarcity of money shall have reduced prices so that the capitalists can own the securities and property upon which they have advanced half the value, and speculators can buy at their own offers, then the sickle will be put in and the harvest gathered.

Mr. Speaker, the first part of that prediction has been fulfilled, I am sorry to say. The speculators have been able—aided, as I believe, by that act of Congress—to get the wheat crop from the farmer at 40 to 50 cents per bushel, and the cotton is at 5 cents and less to the planter.

The second prediction, that "we would then come back and make times better," has not been realized. We did come back, but made times worse, by the veto of the seigniorage bill and the announcement that no silver coinage and no increase in the currency could be had.

I stated then that the repeal of the Sherman law would make times worse. These gentlemen, who were then wise in their own estimation, and who are responsible for the present condition, were complacent, and assured us, in a fatherly way, that all would soon be well as they went about whispering, "That—Sherman law did it."

Times certainly have become worse, to a degree that no man dreamed could occur. The clamor of ruined people has awakened them to life again, and in desperation they have formulated and presented for our approval this bill.

It no doubt is palatable to the gold-standard men, who announce with triumph and defiance that we are on a single gold standard now, but it can not be otherwise than nauseous to the great producing masses of this country.

It proposes to make perpetual existence of the United States banks to enlarge their powers over the currency. It proposes a syndicate of national banks, and puts it in their power to contract and expand the currency at will, as it may contribute to their own aggrandizement. It gives the Secretary of the Treasury unlimited power to issue bonds.

It contemplates the retirement of the greenbacks and Sherman notes, to be replaced by United States bank currency, and attempts to again deceive the silver men by a provision to enlarge the silver-certificate circulation, a pretense that silver men have no faith in. It degrades the 2 per cent bonds with the evident effect, whether designed or not, to reduce their value, the only bonds that bear as low an interest as 2 per cent, and therefore ought to be more favored. Perhaps this provision excepting them from the banking privilege is intended as a punishment to those gentlemen who were patriotic enough to take those bonds at such small interest and thereby spoil the speculation in United States bonds at higher rates, and it seems to have become, in the estimation of the great moneyed interests of this country, a badge of idiocy to act patriotically when money can be made by acting otherwise.

The gentleman from New York [Mr. HENDRIX], a great banker, says that when the French Government gets in trouble the Bank of France comes to the relief of the Government. When the English Government gets in trouble the Bank of England comes to the rescue, and the same in Germany. Why did he not say what the United States banks do when the Government of the United States gets in trouble? I will tell you. The truth would have compelled him to say that when the United States Government got in trouble the United States banks combined to make the trouble worse and to embarrass the Government so as to drive the best possible bargain with it, and therefore he was discreetly silent as to that.

The bill provides for a first lien on all the assets of a failing bank in favor of other banks who may be creditors. This is simply a trap for the unwary depositors. They may deposit money in such a bank and the bank will loan out the deposits and get securities for such loans. If the bank fails, instead of giving the depositors a first lien on the assets for which his money was loaned this bill gives those assets to other banks. The whole scheme is in the interest of banks and bondholders and those who may become bondholders in the future, and against the people. It does seem to me, in the face of the terrible condition of our people, to force the country to a gold standard, contract the currency, and make times harder is a reckless, heartless proceeding that no patriotic legislators can afford to inflict upon the nation. It is hard to believe that this is an honest scheme.

When I had the honor to submit some remarks in this House, August 21, 1893, on the silver question, I had read from the Clerk's desk extracts from speeches made by Hon. John G. Carlisle and Hon. James G. Blaine upon that great issue. I will append them here and let the country judge for itself whether the crime denounced by Mr. Carlisle has been committed and whether widespread disaster has followed the establishment of a single gold standard, and whether the destruction of silver as money and the establishment of gold as the sole unit of value has had a ruinous

effect on all forms of property. Except those investments which have a fixed return, it enormously enhanced their value, as predicted by Mr. Blaine.

The extracts are as follows:

HON. J. G. CARLISLE.

I know the world's stock of precious metals is none too large, and I see no reason to apprehend that it will ever become so. Mankind will be fortunate indeed if the annual production of gold and silver coin shall keep pace with the annual increase of population, commerce, and industry.

According to my views on the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three-sevenths to one-half of the metallic money of the world is the most gigantic crime of this or any other age. The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilence, and famine that ever occurred in the history of the world. The absolute and instantaneous destruction of half the entire movable property of the world, including houses, ships, railroads, and all other appliances for carrying on commerce, while it would be felt more sensibly at the same moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of one-half of the metallic money in the world.

HON. JAMES G. BLAINE.

On the much-vexed and long-mooted question of a bimetallic or monometallic standard, my own views are sufficiently indicated in the remarks I have made. I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disaster in and throughout the commercial world. The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value and would gain a disproportionate and unfair advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly \$7,000,000,000 of coin or bullion in the world, not very unequally divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions and utterly disastrous to tens of thousands.

I believe that gold and silver coin to be the money of the Constitution, indeed the money of the American people anterior to the Constitution, which the great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare either metal should not be money. Congress has, therefore, in my judgment, no power to demonetize either any more than to demonetize both. If, therefore, silver has been demonetized, I am in favor of remonetizing it. If its coinage has been prohibited, I am in favor of having it resumed. If it has been restricted, I am in favor of having it enlarged.

Adelaide Morris.

SPEECH
OF
HON. CHARLES D. HAINES,
OF NEW YORK,
IN THE HOUSE OF REPRESENTATIVES,
Friday, March 1, 1895.

The House having under consideration sundry pension bills, and objection being made to the consideration of a bill (S. 2519) to place the name of Adelaide Morris upon the pension roll—

Mr. HAINES said:

Mr. SPEAKER: It is to be most seriously regretted that the rules of the House are not broad and liberal enough to permit the consideration at any time of such a meritorious measure as this bill. Objection has been made by the gentleman from Indiana [Mr. MARTIN], the chairman of the Committee on Invalid Pensions. The gentleman from Indiana makes the point of order that the bill has never been referred to any committee of this House. While that is true, the bill has by a unanimous vote passed the Committee on Pensions of the Senate, and an hour ago passed the Senate, has been engrossed, and is now upon the Speaker's table.

The gentleman from Virginia [Mr. MEREDITH] also objects to the present consideration of this bill, and I think I am safe in stating upon no other grounds than that he is overanxious to bring up a pension bill of his own and is fearful that the House will adjourn before his name is reached.

The bill as it has just passed the Senate reads:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws, the name of Adelaide Morris, widow of the late Arthur Morris, formerly captain of the Fourth United States Artillery, at the rate of \$25 per month, which rate of \$25 per month shall be in lieu of the pension she is now receiving.

This bill was introduced in the Senate on the 8th of January, 1895, by the Senator from Delaware [Mr. GRAY], and the report made from the Senate Committee on Pensions by the Senator from New Hampshire [Mr. GALLINGER] on the 22d of the following month. The Senate Committee recommended an amendment to the bill reducing the rate of pension from \$50 to \$25 per month.

The rank of the husband of this widow was that of captain and brevet-major, and in my opinion the original amount was none too small. My attention was first called to this bill on Thursday last, and after careful consideration I find it a case of especial merit. If it is not considered now there is no prospect whatever of its receiving attention during this Congress, which has now but a few hours remaining.

Mr. Speaker, this bill seeks to increase the pension of Adelaide Morris from \$17 to \$25 per month. Mrs. Morris is the widow of Arthur Morris, formerly captain of the Fourth United States Artillery, and a more faithful, fearless, loyal, and brave soldier never served his country; a man who at the age of 19 distinguished himself to such an extent for skill and bravery as a soldier that he received for his gallantry the brevet rank of captain. His widow now, who shared with him the fortunes and misfortunes of war, is comparatively destitute. His twenty-five years of faithful, arduous, and meritorious service in the Regular Army of the United States entitles his widow to this small pittance that is asked of this Congress in this bill.

Now, Mr. Speaker, objections to the present consideration of this bill should be withdrawn and this pension granted.

At 18 years of age Captain Morris was made Lieutenant of a battery, and on September 17, 1862, at the battle of Antietam, his battery was engaged in that fearful contest which during that contest lost its captain (Hazard) and one-half of his men. It was at this time that Lieutenant Morris distinguished himself as a soldier and hero, and for his gallantry in this engagement was made a captain before he was 19 years of age. During all his military career, as his record shows, there was no feat too perilous, no task too difficult, no danger too great for Lieutenant Morris to undertake, and in every instance he would unhesitatingly volunteer his services in the face of imminent danger. Such was his character.

In the action at Charlestown, W. Va., Lieutenant Morris volunteered for the desperate struggle that was there encountered. In this engagement Lieutenant Morris narrowly escaped with his life, being struck by a spent ball, the mark of which he carried to his grave. Gen. Winfield S. Hancock was in command, and on the field of battle personally congratulated him for his bravery.

Mr. Speaker, the congratulations of General Hancock showed in what esteem this soldier was regarded by his superior officers, and Lieutenant Morris could have retired after that mark of esteem and gone into history honored and beloved by his countrymen for his bravery and devotion to duty.

But, Mr. Speaker, I propose to go further into the military record of this brave soldier. From November, 1863, to August, 1865, Lieutenant Morris was on staff duty at Fort McHenry, Baltimore, Md. In 1865-1867 he was on duty at the following posts: Fort Brown, Tex.; Reynolds Barracks, Washington, D. C.; Fort Washington, Va.; Fort McHenry, Baltimore, Md.; and in 1869 on recruiting duty in New York City.

Lieutenant Morris was transferred in 1869 to Fort Riley, Kans. While there he was sent with Light Battery B, Fourth Artillery, serving as cavalry in the Salmon River Indian campaign, and was on scouting duty during the summer of 1870. From Fort Riley Lieutenant Morris was again ordered to Fort McHenry, Md., and remained there from 1871 to 1872. From May, 1872, to June, 1873, Lieutenant Morris served at the artillery school at Fort Monroe, Va. In June, 1873, he was transferred to the Pacific Coast, and was stationed, successively, at Alcatraz Island, Black Point (San Francisco Harbor), Fort Canby, Oreg.; Sitka, Alaska; again at Fort Canby, Oreg., and again at Alcatraz Island.

Besides serving at these different posts while on the Pacific Coast, Captain Morris took a very active part in the Modoc campaign in the winter of 1873 and in the Nez Percé campaign in 1877. In the latter campaign he was engaged in the battle of the Clearwater, Idaho, July 11 and 12, under Gen. O. O. Howard. In the reports of this battle made by General Howard Captain Morris is mentioned in the following terms:

Capt. Arthur Morris, Fourth Artillery: This officer had command of his company in the final charge on the Indian position at the battle of the Clearwater on the 12th of July. He behaved most gallantly, keeping himself in advance of the line of his company, leading and urging his men forward. Throughout the campaign he was always energetic and cheerful in the discharge of his duties.

At that time no brevets were allowed for Indian service, but May 2, 1890, after the act allowing such brevets was passed, General Howard included Captain Morris in his recommendations, as follows:

Capt. Arthur Morris, Fourth Artillery: For gallant service in action against the hostile Nez Percé Indians during the battle of the Clearwater, Idaho, July 11 and 12, 1877, particularly the final charge, I recommend the brevet of major.

During Captain Morris's service on the Pacific Coast he was one of many officers who suffered severely from the great depreciation in currency, the officers receiving their monthly pay from the Government in greenbacks when everything at that time was on a gold basis throughout California.

Lieutenant Morris received his promotion as captain, Fourth

United States Artillery, on January 10, 1877, while stationed at Sitka, Alaska.

When his regiment was ordered East, in 1881, Captain Morris was first stationed at Fort Warren, Mass., where he remained until September, 1882. He was then ordered to Fort Adams, Newport, R. I., and remained there until his retirement, October 5, 1887.

It was during active service, while lieutenant, he was attacked by rheumatism, from which he severely suffered during the remainder of his life. His physicians unqualifiedly attribute it to the disease from which he died, September 26, 1892.

On October 5, 1887, Major Morris retired from the Army, and to the time of his death, September 26, 1892, was continuously ill and under very heavy expense on account of his illness, during which time he was unable to contribute to the support of his family.

On account of the original disease having shown itself while Major Morris was first lieutenant, his widow has only been allowed the pension of a first lieutenant, viz, \$17 per month, although he held the rank of captain and brevet major at the time of his death. I appeal to gentlemen here to act the part of statesmen, and withdraw their objections to this bill, and thereby do a simple act of justice to this destitute and worthy widow of a gallant and brave soldier.

The Comparison—Republican Record Against Democratic Record.

SPEECH

OF

HON. CHARLES H. GROSVENOR,
OF OHIO.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 23, 1895.

On the bill (H. R. 8802) making appropriation to supply deficiencies in the appropriations for the fiscal year ending June 30, 1895, and for prior years, and for other purposes—

Mr. GROSVENOR said:

Mr. CHAIRMAN: It was not a wise interruption which I have just experienced at the hands of the distinguished gentleman from Illinois [Mr. SPRINGER], chairman of the Committee on Banking and Currency. He has put to me an interrogatory that raises the question of comparison between the administration of the Treasury Department under Mr. Secretary Sherman, who presided over that Department of the Government from March, 1877, until March, 1881, and whose administration covered the period of the resumption of specie payments. It would have been wise in the distinguished gentleman from Illinois to have permitted silence to cast oblivion, if possible, over the record of the current administration, and above all to have allowed himself and his party immunity from any reference to the administration of John Sherman.

Mr. Chairman, I do not indulge in meaningless words of praise or flattery, and my language and my praise of Senator SHERMAN would do that gentleman no good; for to-day, in the estimation of his countrymen and of the wise, clear-headed, and intelligent statesmen of all the world, the administration of the Treasury Department under John Sherman was the highest demonstration of splendid financial ability ever exhibited by any living man in any period of time.

We had passed through a long, dreary, bloody, and expensive war. The people of the South were alienated from the people of the North, and the people of the North were alienated from the people of the South. There was an enormous public debt of the United States. The history of other nations was practically uniform in the matter of paying the national debt under such circumstances. The debt of the Revolution, created to make us a nation, had never been paid, and it was on everybody's tongue in 1865 and forward that in the end the national debt would have to be abandoned and not paid. I could fill pages of quotations from newspapers and public men, declaring that the debt could never be paid. The business of the country was prostrated because of the return to industrial pursuits of 2,000,000 men in the North and the South, and no sufficient market for their product. The difference between coin and paper had been growing steadily wider and wider, greater and greater, until a gold dollar was worth in paper currency 298 at one time.

How to redeem all this paper money and to bring the obligations of the Government up to par, restore public confidence, and thereby to stimulate business, and hold out hope to the people, was a task so gigantic that the stoutest hearts faltered and failed.

At the darkest hour in this darkest night John Sherman came to the head of the Treasury Department. The resumption act had been passed. He had supported it earnestly, and felt when he came to the Treasury that he was almost under personal bonds to bring about resumption and establish the credit of the country. It was more than an ordinary duty, for he had largely produced the conditions that made it necessary that he should succeed.

The passage of the resumption act had been resisted when it was pending in Congress by all sorts of opposition—opposition of the men who did not want resumption at all. But the more dangerous opposition was that of the men who did not believe that specie resumption could be brought about. And when the Secretary began to prepare for resumption the enemies of resumption began to seek to overthrow the act itself. They passed a bill in the House of Representatives, supported by both Democrats and Republicans, to repeal the resumption act. Three Republicans from Ohio voted for it. The Democrats, with a degree of hostility that was indescribable, thought they saw an opportunity for party advantage, and clamored for the blood of the resumption act. It was one of the most unpatriotic acts of the Democratic party, and demonstrated its unfitness for public confidence, that when the law had been passed, and the time was rapidly approaching, the Democratic party sought to play upon the prejudices of the people, and make party capital by taking a position which, if successful, would have absolutely ruined the country. And it was at a time like this that John Sherman began his work.

He was sustained by the majority of his party, and by a will power that has never faltered in the discharge of a public duty. He was sustained by the President, Rutherford B. Hayes, who gave his entire approbation to the administration of Mr. Sherman. He did not interfere to make contracts for Mr. Sherman, and he never interfered at all in any way, except to give advice upon request of the distinguished Secretary.

I now come to a period of time in our financial history of great and critical interest. It was at a point of time, April, 1878, when the House of Representatives had repealed the resumption act; and on the 1st day of April of that memorable year Mr. Sherman appeared before the committee of the House of Representatives of which Hon. A. H. Buckner was chairman, and made certain statements; and among others he answered an interrogatory asking him for the then condition of the Treasury, and he gave the condition of the Treasury of the 28th of February, 1878, in the following statement:

Secretary SHERMAN. I can give you a statement up to the 28th of February, 1878. I am not able now to give you the statement for the month of March, but can do it to-morrow or next day, and I will probably attach it to my answer. This, however, is the general result of the statement. We have at the Treasury, the different subtreasuries, assay offices, and depositories:

In gold coin.....	\$118,351,709
In gold bullion.....	7,937,300
In subsidiary silver coin.....	5,675,494
And in silver bullion.....	2,855,577

Following this statement Mr. Sherman gave the actual amount of bonds sold under the resumption act and under the refunding acts of his administration, as follows:

UNDER THE RESUMPTION ACT.	
5 per cent bonds of 1881.....	\$17,404,350
4½ per cent bonds of 1891.....	15,000,000
4 per cent bonds of 1907.....	25,000,000
Total.....	57,404,350

The bonds issued on account of refunding are as follows:

5 per cent bonds of 1881.....	\$490,000,000
4½ per cent bonds of 1891.....	185,000,000
4 per cent bonds of 1907.....	55,000,000
Total.....	730,000,000

Which last sum added to the \$57,404,350 on account of resumption makes the total \$787,404,350.

I ought to say that the proceeds of all the bonds that were sold under the refunding act were applied to the payment of an equal amount of 5-20 bonds bearing 5 per cent interest.

The CHAIRMAN. These bonds were sold at par, were they not?

Secretary SHERMAN. Yes, sir; par in coin. We paid out of the Treasury one-half of 1 per cent for commissions and expenses.

It will be seen that at that early day one-half of 1 per cent was deemed a sufficient profit for a financial syndicate to make out of a Government loan. Ten millions at a clip in these days is not considered unreasonable.

Following this statement, Mr. Sherman gave in answer to an interrogatory the account of liabilities of the Government at that date, as follows:

Coin interest paid during fiscal year 1877.....	\$22,883,431.27
Amount applied to the sinking fund during fiscal year 1877.....	447,500.00
Amount paid for diplomatic service during fiscal year 1877.....	735,286.06
Amount paid for foreign naval service during fiscal year 1877.....	2,224,124.49
Amount of custom refunds during fiscal year 1877.....	5,247,930.65
Amount expended for refunding national debt, paying and redeeming bullion, etc., during fiscal year 1877.....	901,227.30
Total.....	102,400,000.77

At that early day Secretary Sherman, in answer to four questions by Mr. Chittenden, of the committee, made some statements which were prophetic at that time and have become historic at this time. The questions and answers are as follows:

Mr. CHITTENDEN. I have prepared four questions in the interest of those whom I represent, to which I should like to have your answer.

First. With silver dollars and silver certificates full legal tender for all debts, including the customs and the public debt, is not gold practically demoralized; and how will you renew your supplies or prevent its exclusive use as merchandise in foreign commerce?

Second. Is there no danger that the national banks, in taking care of themselves, will hoard greenbacks enough to exhaust your gold reserves when the day for resumption comes?

Third. Is it not probable that before you have coined 100,000,000 of the new silver dollars, with greater activity in foreign trade, they will be exported at their bullion value to settle trade balances, and with what effect upon the price of silver bullion?

Fourth. Does not your success in resuming coin payments with our so-called double standard depend absolutely upon an advance in the price of silver bullion in London to about 50 pence sterling per ounce?

I have not spoken with any member of the committee in framing these questions. They were framed at my own table, and I am influenced only by my correspondence and by questions asked of me by those whom I represent.

Secretary SHERMAN. I would a great deal rather in this connection give the committee the facts and let the committee draw its own inferences than attempt to give my own opinions. But I have no objections to answering any of those questions. I think that a certain amount of silver dollars issued will not have the effect which Mr. Chittenden thinks. I believe that we can maintain at par in gold a certain amount of silver dollars; precisely what amount I would not like to say, because that is a question of opinion. But I have the idea that we can maintain at par in gold no less than \$50,000,000; perhaps more—say from \$50,000,000 to \$100,000,000; but whenever those silver dollars become so abundant and so burdensome that the people would not have them and would not take them, and that they would not circulate, then, undoubtedly, they would sink to the value of the bullion in them. That is my opinion, but I do not think it wise for either this committee or myself to discuss this question much, because the silver bill is a law, and whatever we may think of its effects, the public mind will not be satisfied until that law is fairly tried.

The effect of the silver bill is not going to be very rapid, nor will the fall in silver be anything like so rapid as is probably feared, and long before the silver dollar can sink to the value of silver bullion, Congress will undoubtedly correct the law if it were to have that effect. If, on the other hand, it should have the effect, which is anticipated, of raising the mass of silver up to the standard of gold, then Mr. Chittenden need not be afraid. Therefore, I say that I do not think I ought to give my opinion further on that subject. I have not changed my mind about the silver bill, although the newspapers say that I have. I think that (as a matter of policy) the silver bill, which makes silver available to pay bonds issued by the United States either before or after the refunding or resumption acts, is not good policy. I have stated that over and over again publicly, and I do not deny it. But the silver bill is the law. We are not infallible. It can not operate quickly in that way, and therefore we had better give it the full benefit of an experiment, in the certainty that, if Congress finds that it has the effect which is now anticipated, Congress can at any moment stop the issue of silver dollars. I think that that is as far as I ought to answer these questions.

Mr. CHITTENDEN. It is not my object to embarrass the Secretary in any way in these questions.

The CHAIRMAN. The Secretary is of the opinion that "Sufficient to the day is the evil thereof;" that we will take care of the present, and let the future take care of itself.

Secretary SHERMAN. If you allow me, I can now, in connection with your question in regard to my opinion as to the practicability of resumption, and especially in regard to an interview published in the newspapers between Mr. Ewing and the bankers in New York, give you my opinion. I have read that interview with a great deal of attention, because I know many of the gentlemen who took part in it.

The CHAIRMAN. It is proper for me on the part of the committee to say that it was not intended that that interview should be made public; but the report of it was surreptitiously obtained in some way.

Secretary SHERMAN. I do not think there was the slightest objection to publishing it.

The CHAIRMAN. Only probably on account of confidential relations.

Mr. EWING. We told those gentlemen at the conference that we had our secretary for the purpose of taking down their statements, not with a view to publishing them, but merely for the information of the committee, and the committee feels exceedingly annoyed about the publication, because it seems like a violation of that understanding; but the paper was surreptitiously obtained, and the committee does not feel at fault about it.

Mr. CHITTENDEN. Special pains were taken at New York to exclude newspaper reporters.

Secretary SHERMAN. It is pretty hard to exclude newspaper reporters; but I think it was right enough to have that conference published. It presents the opinions of very intelligent gentlemen whose business it is to be familiar with the subject, and their opinions are entitled to full weight. I can only give you my general reply to them.

My reply would be about this: These gentlemen assume three propositions: First, that we can not sell enough 4 per cent bonds to prepare for resumption; second, that the national banks can throw upon the Government the burden of resumption of bank notes as well as of United States notes; third, that resumption requires the resumption and cancellation, without power of reissue, of United States notes below \$300,000,000. To these I answer that I believe that, with such auxiliary legislation as is pending in both Houses, we can sell enough 4 per cent bonds to prepare for resumption; but if I am mistaken in this, we can sell either 4½ or 5 per cent bonds, which they admit will command gold, silver, and bank notes, to maintain resumption. Some of these gentlemen have proposed to me that if I sell them 4½ per cent bonds at par in coin they will guarantee enough coin for resumption; and I have had some better offers from other banks and bankers, so that on this point it is only a question of rate of interest on bonds.

When it becomes clear that money can not be had for 4 per cent it is time enough to pay 4½. The silver bill has crippled my power to sell 4 per cent bonds, but a wise savings bill, that will enable me to deal directly with the people, would go far to repair this. Upon the second point: It may as well be understood that the national banks can not throw upon the Government the burden of redeeming their notes. The attempt would be suicide. They are bound to redeem their notes on demand at the Treasury with United States notes or coin, and to maintain in their vaults very large reserves of United States notes. Any effort of theirs to force the redemption of their reserves of United States notes in coin would at once cause the Government to withdraw all Government deposits from them, to present all bank notes

held or received by the Government for redemption, and, if need be, to exchange United States notes for bank notes.

Such a struggle as these gentlemen contemplate would end in their losing their power to issue circulating notes at all. Their talk about forming a line to break the Government is not discreet and is not dangerous. I am more concerned about what you will do than about what they will do. The United States Government already holds a larger cash reserve for the redemption of its notes in proportion to demand liabilities than any bank represented by these gentlemen, and it has power to increase it. Our certificates of deposit—the most dangerous form of liabilities—are secured dollar for dollar, by coin or United States notes actually in hand, while the banks owe over \$600,000,000 to depositors, the great body of which is represented by notes and bills discounted. The only demand liability we owe not covered by actual cash on hand is United States notes, and of these \$70,000,000 are in our vaults, and \$70,000,000 more the banks are bound to retain in their reserves.

With a coin reserve of \$100,000,000 to \$150,000,000 the redemption of \$300,000,000 of United States notes would be easy, and that reserve could not be diminished to any considerable extent by the banks, or any combination of banks, without a continuous draft upon the banks to make it good. We can rely upon the intelligent self-interest of the banks to prevent such a struggle. Nothing could provoke it more quickly than threats by bank officers, and if such a struggle comes the Government, with its reserve, with ample revenue, and the power to sell bonds, can easily maintain resumption without fear of a line of bank cashiers anxious to break the Treasury or to force high rates of interest.

On the last point: The power to reissue is plainly given by section 3579, Revised Statutes, and is not cut off any more by the notes coming into the Treasury in exchange for coin than in payment of a tax. Even if the Supreme Court hold them as no longer a full legal tender, they are as much so as a bank note. If the choice must be made between the two, the common interest would decide in favor of the United States note. I believe they both ought to circulate and both be at par with coin. But nothing is so discouraging in the progress of resumption as for national banks to shrink from their share of the burden, or to make threats such as are stated by some of these gentlemen, and nothing is so injurious to the banking system, or will precipitate its overthrow more certainly, than a popular conviction that the banks are endeavoring to embarrass the Government in maintaining resumption.

The great question in that investigation was the question whether or not it was possible to resume specie payments; and of the gentlemen composing that committee no one was more confident than Mr. Sherman was mistaken and could not resume than was Gen. Thomas Ewing, of Ohio, Mr. Sherman's relative. That gentleman had made his campaign for Congress on the very issue, and had stoutly asserted that if the resumption of specie payments were attempted a rush would be made on the subtreasury at New York of such extent that mob violence would break down the doors of the subtreasury, and the Regular Army would have to be called for. But when Mr. Sherman in this interview had finally pointed out that if he could get \$50,000,000 in gold coin by January 1, 1879, he could resume specie payments, Mr. Ewing put the following question:

Where do you expect to get the additional fifty millions of gold by January 1, 1879?

Secretary SHERMAN. You must see that for me to state too closely what I propose to do might prevent me from doing what I expect to do, and therefore I will answer your question just as far as I think you will say I ought to go. I answer, mainly from the sale of bonds. Indeed, in the present condition of the revenue we can not expect much help from surplus revenue, except so far as that surplus revenue may be applied to the payment of greenbacks and to the redemption of fractional currency in aid of the sinking fund. To that extent I think we can rely upon revenue enough to retire the United States notes redeemed under the resumption act; so that I would say that we can get the \$50,000,000 of gold additional by the sale of bonds. As to the kind of bonds that I would sell, and as to how I would sell them, etc., I ought not to say anything on that subject at present, because you ought to allow me, as an executive officer, in the exercise of a very delicate discretion, free power to act as I think right at the moment, holding me responsible for my action afterwards. As to what bonds I will sell, or where I will sell them, or how I will sell them, as that is a discretionary power left with the Secretary, I ought not to decide that now, but to decide it as the case arises.

Mr. EWING. I understood you to say in your interview with the Senate committee that you would have to rely upon the natural currents of trade to bring gold from abroad; that is, that there can not be a large sale of bonds for coin abroad. Is it on a foreign sale that you are relying?

Secretary SHERMAN. Not at all, but on a sale at home. Perhaps I might as well say that if I can get two-thirds of this year's supply of gold and silver it will amount to a good deal more than \$50,000,000, so that I do not have to go abroad for gold. If we can keep our own gold and silver from going abroad it is more than I want.

The CHAIRMAN. For this \$50,000,000 additional I suppose you rely to some extent on the coinage of silver?

Secretary SHERMAN. To some extent; silver and gold we consider the same under the law.

Mr. EWING. Do you expect to pay out the silver dollar coined by you for current expenses, or only for coin liabilities, or to hoard it for resumption?

Secretary SHERMAN. I expect to pay it out now only in exchange for gold coin or for silver bullion. I am perfectly free to answer the question fully, because on that point, after consulting with many members of both Houses, I have made up my mind what the law requires me to do. I propose to issue all the silver dollars that are demanded in exchange for gold coin. That has been going on to some extent; how far I can not tell. Then I propose to use the silver in payment for silver bullion, which I can deal par in gold. I then propose to buy all the rest of the silver bullion which I need under the law with silver coin. As a matter of course, in the current course of business some of that silver coin will go into circulation; how much I do not know. The more the better for us. But most of it, I take it, will be transferred to the Treasury for silver certificates (that seems to be the idea of the bill), and those silver certificates will come into the Treasury in payment of duties, and in that way, practically, the silver will belong to the Government again.

Until silver is so abundant that it becomes the acknowledged basis of coin transactions, we can not pay out that silver for the ordinary expenses of the Government, because we have not enough to pay all the expenditures in silver; and if the silver is maintained at par with gold, and if the United States notes are below par with gold we can not discriminate in favor of any class of creditors; we would therefore have to hold silver at par with gold until we either have enough to pay everything with it or until the legal-tender notes are practically at par with gold and silver. That is a matter over which I have no more control than any other citizen. The silver dollars

being receivable for duties—the law allowing them to be converted into certificates which are receivable for customs—I must receive them; and I could not prevent it if I tried, the silver from coming into the Treasury, either for silver certificates or payment of duties. As to when I shall commence paying them out for the current expenditures of the Government or in payment of the interest or principal of the debt I can not tell, because that would depend upon the equality of the three kinds of currency—gold, silver, and paper. I do not know whether I make myself understood, but that is the general idea I have in mind. As a matter of course, it being a great discretionary power which you have invested in the office of Secretary of the Treasury, while I hold the office I will be careful to exercise that power so as to carry out in good faith the law as Congress has passed it, and that law, I think, contemplates that gold, silver, and paper shall be all brought on an equivalence.

In order to make the situation to which I propose to proceed entirely apparent I want to reproduce here the contract under which Mr. Secretary Morrill was selling the bonds of the Government prior to the Administration of Mr. Cleveland. The contract is dated August 24, 1876, and is between the Secretary of the Treasury (Hon. Lot M. Morrill) and Messrs. N. M. Rothschild & Sons and others.

It will appear that at that early day, following so soon the close of the great war, with an exhausted Treasury and an unsettled credit, much greater care was taken by the Secretary of the Treasury to protect the Government than has become customary in more recent years.

The contract is as follows:

This agreement, entered into this 24th day of August, in the year of our Lord 1876, between the Secretary of the Treasury of the United States of America, of the first part, and Messrs. August Belmont & Co., of New York, in behalf of Messrs. N. M. Rothschild & Sons, of London, England, and associates, and Messrs. J. & W. Seligman & Co., of New York, for themselves and associates, and Messrs. Drexel, Morgan & Co., on behalf of Messrs. J. S. Morgan & Co., of London, England, and Messrs. Morton, Bliss & Co., of New York, representing the First National Bank of the City of New York, the American Exchange National Bank of New York, the Merchants' National Bank of New York, the Third National Bank of New York, Messrs. Kuhn, Loeb & Co., of New York, the Bank of New York National Banking Association, and Messrs. Morton, Rose & Co., of London, and themselves, of the second part:

Witnesseth, That the said Messrs. August Belmont & Co., of New York, on behalf of Messrs. N. M. Rothschild & Sons and associates, hereby agree to purchase from the Secretary of the Treasury sixteen million five hundred thousand dollars (\$16,500,000) of the United States bonds known as the 4 per cent funded loan of 1891, issued under the acts of July 14, 1870, and January 20, 1871; and that Messrs. J. & W. Seligman & Co., for themselves and their associates, hereby agree to purchase from the Secretary of the Treasury six million seven hundred and fifty thousand dollars (\$6,750,000) of the bonds hereinbefore described; and that Messrs. Drexel, Morgan & Co., on behalf of Messrs. J. S. Morgan & Co., of London, England, hereby agree to purchase from the Secretary of the Treasury six million seven hundred and fifty thousand dollars (\$6,750,000) of the bonds hereinbefore described; and that Messrs. Morton, Bliss & Co., of New York, representing the First National Bank of the City of New York, to the extent of four million dollars (\$4,000,000); the American Exchange National Bank of New York, to the extent of one million and fifty thousand dollars (\$1,050,000); the Merchants' National Bank of New York, to the extent of six hundred thousand dollars (\$600,000); the Third National Bank of the City of New York, to the extent of seven hundred and fifty thousand dollars (\$750,000); Messrs. Kuhn, Loeb & Co., of New York, to the extent of one million and fifty thousand dollars (\$1,050,000); the Bank of New York National Banking Association, to the extent of three hundred thousand dollars (\$300,000); Messrs. Morton, Rose & Co., of London, to the extent of one million one hundred and twenty-five thousand dollars (\$1,125,000), and Messrs. Morton, Bliss & Co., of New York, to the extent of one million one hundred and twenty-five thousand dollars (\$1,125,000), hereby agree, to the extent severally for each as above stated, to purchase from the Secretary of the Treasury ten million dollars (\$10,000,000) in the aggregate of the bonds hereinbefore described, making a total aggregate of forty million dollars (\$40,000,000), upon the terms and conditions following, to wit:

First. Of the said aggregate amount, not less than ten million dollars (\$10,000,000) are hereby subscribed for, the subscription to take effect on the 1st day of September, 1876, and the remaining amount, namely, thirty million dollars (\$30,000,000), may be divided at the pleasure of the parties of the second part into several successive subscriptions of not less than five million dollars (\$5,000,000) each, to be made prior to the 4th day of March, 1877.

Second. The parties of the second part shall have the exclusive right to subscribe, in the same proportion to each of the subscribers, for the remainder, namely, two hundred and sixty million dollars (\$260,000,000), or any portion of said loan authorized to be issued by the acts of Congress aforesaid, by giving notice thereof to the Secretary of the Treasury on or before the 30th day of June, 1877; but the party of the first part reserves the right to terminate this contract at any time after March 4, 1877, by giving ten days' notice thereof to the parties of the second part.

Third. That the Secretary of the Treasury shall, when subscriptions are made by the said parties of the second part, issue calls with even date with said subscriptions for the redemption of an equivalent amount of 6 per cent 5-20 bonds of the United States, as provided by said act of July 14, 1870.

Fourth. The parties of the second part agree to pay for said 4 per cent bonds par and interest accrued to the date of application for delivery of said bonds, in gold coin, matured United States gold-coin coupons, or any of the 6 per cent 5-20 bonds called for redemption, or in United States gold certificates of deposit issued under the act of March 3, 1863, with the understanding that payment to the extent of the amount of any call shall be made within the time during which such call shall mature: *Provided*, That, if the parties of the second part shall elect so to do, they may have the privilege of making any of said subscriptions payable specifically in uncalled 6 per cent 5-20 bonds of the United States, in which case the Secretary of the Treasury may, to the extent of such payments, omit the calls mentioned in condition No. 3.

Fifth. The parties of the second part shall receive in coin a commission of one-half of 1 per cent on all bonds taken by them, as allowed by the act of July 14, 1870, and shall assume and defray all expenses which may be incurred in sending bonds to London upon their request, or by transmitting bonds, coupons, or coin from there to the Treasury Department at Washington, including all cost of making exchange of bonds, and shall also be charged with the preparation and issuing of the bonds.

Sixth. No bonds shall be delivered to the parties of the second part, or either of them, until payment shall have been made in full therefor in accordance with the terms of this contract.

Seventh. During the continuance of this contract any sales of bonds or

dered by the Secretary of the Treasury, by authority of law, except those that it may become necessary to sell to pay judgments of the Court of Commissioners of Alabama Claims, shall be made through the parties of the second part, who shall be allowed thereon a commission of 1 per cent in gold coin. And it is provided that the amount of bonds so ordered shall not exceed in the aggregate \$25,000,000, unless by mutual agreement of the parties.

LOT M. MORRILL,

Secretary of the Treasury.

AUG. BELMONT & CO.,

On behalf of N. M. ROTHSCHILD & SONS, London.

J. & W. SELIGMAN & CO.,

On behalf of SELIGMAN BROTHERS,

DREXEL, MORGAN & CO.,

On behalf of J. S. MORGAN & CO., of London.

MORTON, BLISS & CO.,

For themselves and associates, as named above.

Mr. Sherman, coming into office, on the 6th day of April, 1877, addressed the following letter to the Messrs. Rothschild, in London:

TREASURY DEPARTMENT,
Washington, D. C., April 6, 1877.

GENTLEMEN: I received your friendly cable message of the 10th ultimo, and return my thanks and hearty good wishes.

I am very solicitous to promote the funding of our 6 per cent bonds as rapidly as practicable, and feel indebted to you for the aid you have given in placing the 4 per cent bonds.

I propose no change at present; but it is my desire, if practicable, to withdraw the 4 per cent bonds from the market and substitute in their place the 4 per cent bonds authorized by the funding act.

These bonds, as you know, are a very desirable investment, running thirty years from the date of issue, with every guard and security that has been given to any bond of the United States, and we think as safe and desirable as the securities of any other nation. It is probably the bond into which all the debt of the United States will in time be converted. I hope you and your associates will be able to engage with me to place this bond on the market when \$300,000,000 of the 4 per cent bonds have been sold.

The public policy of the United States to resume specie payments on or before the 1st of January, 1879, is fully established by the law and by public opinion. It may be that the surplus revenue will be sufficient to enable me to carry out this policy without the sale of bonds. I am authorized by the resumption act to sell 5, 4, or 4 per cent bonds to prepare for resumption, and it may be desirable to sell through the syndicate, under that act, a limited amount of bonds, not exceeding, I hope, \$30,000,000 a year. I do not wish in the execution of this duty to disturb the exchanges between Europe and this country. For this purpose I desire to sell only the 4 per cent bonds, and must sell at par in coin, but could receive in payment coin coupons maturing within a limited time. I invite from you and your associates such suggestions and offers as you may think proper to make for the purchase of such bonds.

The operations of the syndicate have become so important that I have deemed it proper to ask Mr. Charles F. Conant, late Assistant Secretary of the Treasury, to take charge of the business in London in connection with the gentlemen already there. He is well informed as to our laws, and I trust his services may be of advantage to the Government and agreeable to you.

I will give my personal attention to this business and will receive with pleasure any suggestions from you that will promote our common object.

Very truly,

JOHN SHERMAN, Secretary.

Messrs. N. M. ROTHSCHILD & SONS,
London, England.

The time came, on the 28th of April, when the syndicate, under that contract, were ready to waive some of their rights; and the wily Secretary very readily construed that action into opening the door for the improvement of the conditions of the contract on behalf of the Government. But in the meantime an important legal question had arisen, which has projected itself all along the line from that day to this; and in answer to a question by Mr. Sherman addressed to the Attorney-General, that officer sent the following letter to the Secretary of the Treasury:

DEPARTMENT OF JUSTICE, Washington, April 26, 1877.

SIR: In answer to your letter of the 21st instant requesting my opinion upon the following question, growing out of the refunding act of July 14, 1870, to wit: "Can I stipulate in the body of the 4 per cent bonds about to be issued that they shall be redeemable in coin of the present value; that is, the standard value at the date of their issue, or must it be the date of the law?" I have the honor to reply:

The act provides for the issue of bonds "redeemable in coin of the present standard value." The word "present" undoubtedly refers as a matter of date to the time when the act was passed and not to the time when the bonds were thereafter issued. It contemplated that a long period would elapse before it would finally be carried into effect, and that changes in the coinage of the country might occur during that period. Whatever changes in the coinage should occur these bonds were, however, to be redeemable in coin of the standard value as it existed at the date of the act. By this provision the holder was guarded against any depreciation that might take place in the value of the coin, and the Government would not be compelled to pay the additional value should the coinage be appreciated. All the bonds issued under the act were to stand alike, no matter what was the date when such bonds were issued. Each was to be redeemable in coin which was included in the authorized coinage of the country at the date referred to, it being of the standard value as it then existed. Since the law was passed no change has taken place in the standard value of the coin. It is understood that there has been a certain change in the coinage of the country, and that silver dollars have now ceased to exist practically as coin.

It has been further provided by the statute of February 12, 1873 (Rev. Stat., secs. 3585, 3586), that "the silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding \$5 in any one payment." Notwithstanding this practical change in the coinage of the country and the passage of this act in regard to legal tender, the form of the bond to be issued by you should not be changed so far as the mode in which it is to be redeemed is concerned. It was not intended that this should be varied according to the changes which might be made in the coinage, because a definite rule was given by reference to the coin of a particular date. That which will pay the bonds heretofore issued under this act will pay the bonds which you may hereafter issue. It can not be authoritatively said that the words "payable in coin" or "payable in gold" are equivalent to the words used by the statute. Even if this leaves open for discussion the question whether bonds issued under this act are or are not redeemable in silver coin

of the character and standard which existed July 14, 1870, it is not a doubt which it is in your power to remedy by the use of words in the bond other than those which this statute provides.

While I comprehend the difficulty suggested in your letter and the convenience that there might be in removing any question upon this matter, I am therefore of opinion that it would not be safe to issue the bonds except as redeemable in coin of the standard value of July 14, 1870.

Very respectfully, your obedient servant,

CHARLES DEVENS, Attorney-General.

Hon. JOHN SHERMAN,
Secretary of the Treasury.

Going forward to the modification of the contract, on the 28th of April Mr. Sherman wrote to Mr. Belmont as follows:

TREASURY DEPARTMENT,
Washington, April 28, 1877.

DEAR SIR: I have received to-day a cable telegram advising me that Messrs. Rothschilds consent to the sale of 4 per cent bonds for resumption purposes through the syndicate without the commission allowed in the contract. This modification of the contract perhaps had better be reduced to writing, signed by you for the syndicate, and sent to me for my signature; but regarding the matter as agreed upon, you are authorized through the syndicate to sell \$2,000,000 of 4 per cent bonds at par in coin and place the proceeds in the subtreasury at New York. I would like it done, if practicable, on Monday, so as to show in the public debt statement, but do not regard this as vital if there is any difficulty in the sale.

As soon as this is done I shall, in my own way, state to the public the object of the sale as an indication of the policy I intend to pursue under the resumption act.

It may be that I will sell a portion of the gold for currency, and may hereafter arrange to receive a portion of the proceeds of these bonds in currency; but upon that point I intend to take advice as to my legal powers in the matter and as to the policy proposed.

As to the other points in the telegram I will confer with you.

Very truly, yours,

JOHN SHERMAN, Secretary.

Hon. AUGUST BELMONT, New York.

And also to Mr. L. P. Morton, since Vice-President of the United States:

TREASURY DEPARTMENT,
Washington, May 1, 1877.

MY DEAR SIR: Your note was received this morning.

I may possibly be in New York about the middle of May, but the time is so uncertain now that I could not make an engagement, but will advise you before going.

I am happy to hear that the syndicate arrangement has been modified to meet your wishes. I supposed that it was understood on all hands that the war in Europe was the cause of the falling off in our loan, though I think it would have been wise policy in the syndicate to have boldly made a call a week or two ago in advance of sales, and I think they might do so now. Still I have not felt like pressing a call or interfering with their arrangements, for, after all, the 4 per cent loan is the loan which we ought to seek to place upon the market, and which I hope the syndicate will be able to do by the 1st of July.

Very truly, yours,

JOHN SHERMAN.

L. P. MORTON, Esq.,
New York.

The contract with Mr. Morrill having been practically put an end to on the 16th of May, 1877, Messrs. L. Von Hoffmann & Co. wrote to the Secretary, evidently with a view to the future movements of the Treasury Department, as follows:

NEW YORK, May 16, 1877.

SIR: We take the liberty to address you for the purpose of ascertaining whether we may make you a firm offer for a round amount of United States 4 per cent fifteen-year bonds, say ten to twenty millions, deliverable at your pleasure, or, if agreeable, at the rate of at least five millions per month.

We have been informed that the sale of five millions of the above bonds to the syndicate a few days ago was made for resumption purposes, and in case you should desire to increase such sales we would be pleased to receive your permission to submit to you our firm bid.

Our telegraphic advices from London quote United States bonds higher and in better demand, and we have no doubt that in case you would be pleased to accept our offer for an amount of the 4 per cent bonds at about par, we could sell the bonds at a satisfactory profit in the European markets.

We shall be pleased to be favored with your reply, and are, sir,

Your most obedient servants,

L. VON HOFFMANN & CO.

The honorable SECRETARY OF THE TREASURY,
Washington, D. C.

And later on the same firm on May 31 again wrote to Mr. Sherman upon the same subject.

It will be seen by this correspondence, although imperfectly given here, that the credit of the Government was constantly rising. The 4 per cent bonds, which were being used for refunding purposes, were so desirable in the market that the Secretary thought he saw an opportunity to sell 4 per cent bonds for resumption purposes. Following is the letter of Von Hoffmann & Co.:

NEW YORK, May 31, 1877.

SIR: We have the honor to confirm our respects of the 28th instant. Our advices from London continue favorable for United States bonds. The 4 per cent bonds have advanced to 102.94 ex-coupon. London quotations, which confirms us in the belief that the syndicate will soon request you to issue another call, and will soon have disposed of two hundred millions of the 4 per cent bonds.

When this amount should have been reached, we understand that you intend to cancel the contract with the syndicate and to offer the 4 per cent thirty-year bonds.

By your favor of the 17th instant you were pleased to invite our attention to it and to express a desire that we should aid you in this important operation.

Until the contract with the present syndicate has been canceled, we have reasons to believe that you probably would prefer not to enter into negotiations for the new 4 per cent thirty-year bonds.

This is, however, only an assumption of ours, and we therefore take the liberty to inquire whether you would have the kindness to inform us as soon as you are prepared to receive our propositions for the operation in question.

We have written to our London friends very lengthily on the subject. Our letters should be in their possession in a few days, and we could then telegraph more fully and intelligently, particularly if we were in receipt of your esteemed favor inviting our firm propositions.

The writer would also be pleased to call on you any day and hour you may wish to appoint.

Awaiting the favor of your reply, we are, sir,
Your most obedient servants,

L. VON HOFFMANN & CO.

Hon. JOHN SHERMAN,
Secretary of the United States Treasury, Washington, D. C.

Without at once responding to that letter, Mr. Secretary Sherman, under date of May 31, wrote to his agent in London as follows:

TREASURY DEPARTMENT, Washington, May 31, 1877.

DEAR MR. CONANT: Your letter of the 19th is received. Since its date matters here have changed greatly for the better, and I have made two calls for ten millions each.

There is a strong, steady demand for our bonds, and I have now no fear but the two hundred millions four-and-a-halves will be exhausted before the 1st of July, when they will be withdrawn. The prospect of placing the 4 per cent bonds, commencing July 1, is very good. I have submitted to the syndicate a proposition in substance requiring them to take twenty-five millions 4 per cents during July and August, of which five millions will be for resumption purposes, with a stipulation that if they take fifty millions additional in September and October the contract will be extended to January 1, 1878, five millions a month to be applied for resumption purposes. I do not propose to vary essentially from the proposition. I have another offer almost as good from other parties, but I hope to combine these two offers into a modified syndicate, and, if possible, reserve the right to sell bonds at par, in coin or 6-20 bonds, to persons who apply directly to me for exchange, giving, however, the syndicate the half per cent commission. We will considerably reduce the cost of the bonds, I think, to one-tenth of 1 per cent, so that the contracting parties will have a reasonably fair commission. I am already assured of many sales of the bonds whenever offered, without the aid of the syndicate, so that I consider myself strong enough to undertake the placing the bonds even without their aid, if they will not agree to reasonable terms. If I can secure the active, hearty cooperation of all the parties who wish to engage in selling the bonds, and they will be content with a reasonable profit, the operation of funding can go on so rapidly that they ought to be satisfied with the profit they will make.

I have not overlooked the possibility that some movement of coin will be made to meet called bonds in Europe in excess of bonds sold there, but hope to perfect arrangements by which I will secure American bullion to meet this demand without stopping accumulations of coin in the Treasury.

The prospects here are favorable for a good crop in all the States of the Mississippi Valley, but there will probably be a bad crop in California.

What we must do is push the loan so that it will be an established success before the meeting of Congress. If you can succeed in inspiring the Rothschilds to aid this purpose I am sure of success. My proposition has been sent to them, and I was advised would be answered by telegram about this time; but by the 15th I hope to have the arrangements completed.

If upon receipt of this letter there is anything of striking interest affecting the loan you may cable me.

All well in the Department. Matters are going along quietly and steadily.
Very truly, yours,

JOHN SHERMAN.

Hon. CHAS. F. CONANT, London.

This letter is worthy of study and careful consideration by the amateur financiers of the present day.

The effect of all this was soon manifest. On the 9th day of June Mr. Conant, the agent of the Treasury Department in London, wrote the following very interesting letter to the Secretary:

LONDON, ENGLAND, June 9, 1877.

DEAR MR. SECRETARY: I had the honor on yesterday to send a cable to you to the effect that the Messrs. Rothschilds had cabled Belmont & Co. in regard to the forty-ninth call. I have been urging them for more than a week to make the call; but upon being informed that you had invited the contracting parties at home to meet you to-day for consultation respecting the negotiation of the 4 per cent bonds, the parties here said that the matter of the call might as well be left for consideration on that occasion.

I imagine that the only point of difference in making a new contract will be in the amount to be taken by the firm. I think they will take twenty or twenty-five millions if you desire it. The placing of two hundred million of 4 bonds within one year was not expected at the time the contract was made. These bonds are held in large blocks here, and very largely by bankers, and will in all probability, if there should be a demand for money, be redistributed; and the parties think that if they should come upon the market in that way they might interfere with the 4 per cent bonds. The Messrs. Rothschilds talk more encouragingly about the 4 per cent bonds than they did when I first arrived here; but they are not as sanguine of success as the other members here are, which I think is owing to the rather gloomy view they take of political affairs and the war.

The sale of fifty million of the 4 per cent bonds will make the market for them; and when that is accomplished I think the balance will go off just as well as a 4 per cent loan would.

The markets are almost daily growing better for refunding operations. It is now thought here that shipments of gold from New York will stop.

It is stated that the amount of gold now on the way here from Australia is upwards of \$6,500,000.

General Hillhouse, assistant treasurer at New York, can obtain for you, if you should desire to have it, as he has done for me several times, a comparative statement by months of the export and import of gold at the port of New York.

The Indian Government has advertised for offers for a 4 per cent loan of about \$10,500,000, which it is likely will be taken by the banks here. I have been privately informed that Germany may put a loan upon the market for railway purposes in Prussia.

I inclose a newspaper clipping containing an article on the "Resumption of Specie Payment by France," which you may have seen; but if not, I think you will find it worth reading. The annual interest charge on the funded debt of France is about \$145,570,000. Nearly one-half of this debt bears interest at the rate of 5 per cent.

The floating and unfunded debt is quite large. I send herewith copy of a report made to Parliament by the select committee on the depreciation of silver.

There has been an increase in bullion in the Bank of England during the past week of £215,814, and in circulation £79,765. The Imperial Bank of France

has gained £486,000 in bullion during the week, while the Imperial Bank of Germany has lost £250,000 in bullion.

The newspapers have recently had a great deal to say about American credit, referring to corporate securities. A great amount of money has been lost here through visionary enterprises in America, those papers say. The State of Virginia owes an old debt here. All this, however, does not affect our national credit.

I have the honor to be, with great respect, your obedient servant.

CHAS. F. CONANT.

Hon. JOHN SHERMAN,

Secretary of the Treasury, Washington, D. C.

And then came the memorable contract, the basis upon which the money was received for resumption purposes:

CONTRACT OF JUNE 9, 1877.

This agreement, entered into this 9th day of June, 1877, between the Secretary of the Treasury of the United States, of the first part, and Messrs. August Belmont & Co., of New York, on behalf of Messrs. N. M. Rothschild & Sons, of London, England, and associates and themselves; Messrs. Drexel, Morgan & Co., of New York, on behalf of Messrs. J. S. Morgan & Co., of London, and themselves; Messrs. J. & W. Seligman & Co., of New York, on behalf of Messrs. Seligman Brothers, of London, and themselves; Messrs. Morton, Bliss & Co., of New York, on behalf of Messrs. Morton, Rose & Co., of London, and themselves, and the First National Bank of the city of New York—

Witnesseth: That the said Messrs. August Belmont & Co., on behalf of Messrs. N. M. Rothschild & Sons and associates and themselves, hereby agree to purchase from the Secretary of the Treasury \$10,312,500 of the bonds known as the 4 per cent consols of the United States, issued under the acts of July 14, 1870, January 20, 1871, and January 14, 1875, and that Messrs. Drexel, Morgan & Co., on behalf of Messrs. J. S. Morgan & Co. and themselves, agree to purchase \$4,062,500 of said bonds, and that Messrs. J. & W. Seligman & Co., on behalf of Messrs. Seligman Brothers and themselves, agree to purchase \$4,062,500 of said bonds, and that Morton, Bliss & Co., on behalf of Messrs. Morton, Rose & Co. and themselves, agree to purchase \$4,062,500 of said bonds, and that the First National Bank of the city of New York agree to purchase \$2,500,000 of said bonds, making a total aggregate of \$25,000,000 of said bonds on the terms and conditions following:

First. Of the said aggregate amount not more than \$5,000,000 shall be sold for resumption purposes, the remaining \$20,000,000 to be sold for funding purposes, and subscribed for by the parties of the second part during the months of July and August, 1877.

Second. The parties of the second part shall have the exclusive right to subscribe in the same proportion to each of the subscribers for the remainder of the 4 per cent consols of the United States or any portion of said consols authorized to be issued by the acts of Congress aforesaid, by giving notice thereof to the Secretary of the Treasury on or before the 30th day of June, 1878; but the party of the first part reserves the right to terminate this contract at any time after the 31st day of December, 1877, by giving ten days' notice thereof to the parties of the second part.

Third. That the Secretary of the Treasury shall not sell for resumption purposes exceeding five millions per month during the continuance of this contract except by mutual agreement of the parties hereto. When subscriptions are made for other than resumption purposes by the parties of the second part, the party of the first part shall issue calls of even date with said subscriptions for the redemption of an equal amount of 6 per cent 5-20 bonds of the United States, as provided for in said act of July 13, 1870.

Fourth. The parties of the second part agree to pay for said 4 per cent bonds par and interest accrued to the date of application for delivery of said bonds in gold coin, matured United States gold coin coupons, or any of the 6 per cent 5-20 bonds called for redemption, or in United States gold certificates of deposit issued under the act of March 3, 1863, with the understanding that payment to the extent of the amount of any call shall be made within the time during which such call shall mature: *Provided*, That if the parties of the second part shall elect so to do, they may have the privilege of making any of said subscriptions payable specifically in uncalled 6 per cent 5-20 bonds of the United States, in which case the Secretary of the Treasury may to the extent of such payments omit the calls mentioned in condition No. 3.

Fifth. The parties of the second part shall receive in coin a commission of one-half of 1 per cent on all bonds taken by them as allowed by the act of July 14, 1870, and shall assume and defray all expenses which may be incurred in sending bonds to London or elsewhere upon their request, or by transmitting bonds, coupons, or coin to the Treasury Department at Washington, including all cost of making the exchange of bonds, and shall also be charged with the cost of the preparation and issuing of the bonds.

Sixth. No bonds shall be delivered to the parties of the second part, or either of them, until payment shall have been made in full therefor in accordance with the terms of this contract.

Seventh. During the continuance of this contract any sales of bonds ordered by the Secretary of the Treasury by authority of law shall be made through the parties of the second part, who shall be allowed thereon a commission similar in amount and subject to the same deductions as prescribed in the fifth clause of this contract.

Eighth. It is also agreed that the parties of the second part shall offer to the people of the United States at par and accrued interest in coin the 4 per cent registered consols and 4 per cent coupon consols of the denominations of \$50 and \$100 embraced in this contract for a period of thirty days from the public notice of such subscriptions and in such cities and upon such notice as the Secretary of the Treasury may prescribe prior to the opening of the lists, and further, to offer to the subscribers the option of paying in installments extending through three months.

JOHN SHERMAN,

Secretary of the Treasury.

AUGUST BELMONT & CO.,

On behalf of N. M. ROTHSCHILD & SONS, of London,

And associates and themselves.

DREXEL MORGAN & CO.,

On behalf of J. S. MORGAN & CO., of London,

And themselves.

J. & W. SELIGMAN & CO.,

On behalf of SELIGMAN BROTHERS and themselves.

MORTON, BLISS & CO.,

On behalf of MORTON, ROSE & CO., of London,

And themselves.

THE FIRST NATIONAL BANK

OF THE CITY OF NEW YORK.

By H. C. FAHNESTOCK.

Witnesses as to all:

R. C. MCCORMICK.

E. J. BABCOCK.

Compare this contract with the contract recently made by our Treasury Department, and we have an exhibition of great financiering skill at one time and most imperfect skill at another time.

The contrast is painful, and it is the more painful because at the date of the first contract, June 9, 1877, we were only twelve years away from one of the most destructive wars of modern times, and there was great and serious doubt in the minds of our people and of the people of the world whether or not the credit of the Government would ever be restored. Resumption of specie payments was deemed a chimera of the imagination; and yet this contract was made, and I point out the salient difference between this and the unfortunate contract recently made.

In the first place the precise amount of bonds was stipulated, and all the terms and conditions upon which they were to be issued were definitely and distinctly made known; and the uses to which these bonds were to be put, or rather the proceeds therefrom, were also definitely written in the contract. A portion was to be used for resumption purposes and a portion for funding purposes. But one of the strongest contrasts is in the following two conditions: In the Sherman contract the party of the first part reserves the right to terminate this contract at any time after the 31st day of December, 1877, by giving ten days' notice thereof to the parties of the second part.

In the contract under consideration, recently made, not only does the Secretary bind this Government to the delivery of the whole \$82,000,000, but binds this Government to accept the demands of this same syndicate for conclusive bids for all other bonds that may be offered by the United States until the 1st of next October, at whatever anybody else will offer for them. In that case, if the Secretary saw that the Government could do better than to carry out its contract he contracted, to be allowed to put an end to the contract. It would be a great thing for the United States Government to-day if it could be allowed to put an end to this foreign syndicate contract. If it had that authority to-day the people of the United States would subscribe for this loan at 3 per cent in "coin" bonds. That everybody knows, for the offers ran up into fabulous sums for this same loan at the reduced rate of interest.

But our Secretary has placed it beyond his power, and this contract must be executed if it takes the pound of flesh to do it.

But again: Under that contract the syndicate was not permitted to buy any of the 4 per cent bonds until they had been offered for a period of thirty days by public notice in such places and under such conditions as the Secretary of the Treasury might prescribe, to the people of the United States for their subscriptions. In other words, mindful of the interest of the people of the United States, the Secretary of the Treasury said: "I must have money; I must have this money; I must have it in amounts and at times herein specified; but I will give to the people of my own country the first opportunity to subscribe to this loan; and before you shall have one bond you shall offer the entire people of the United States the opportunity to take that bond; and if they desire them they shall have all the bonds."

And furthermore he stipulated that they might subscribe for the bonds and pay for them in three installments, so as to make it easy for the people of the country to subscribe for these bonds. In the present case the people of the United States are deprived of all knowledge of the loan, except such as they may obtain through the syndicate. They are given no opportunity to subscribe, and the foreign subscriber takes the entire issue, and does it out in quantities to suit himself, excepting to such people of the United States as may have the favor of the syndicate in their behalf.

Some days following this contract Mr. Belmont wrote to Mr. Sherman looking forward, apparently, with a prophetic eye to what has happened since. Under date of June 14, in his letter of that date, we find the following:

We see with pleasure that you anticipate a favorable result from the popular subscriptions, and we trust that your anticipations may be fully realized.

Carrying out the stipulations of their contract, the syndicate published throughout the United States the following advertisement:

Under the authority of a contract with the Secretary of the Treasury, the undersigned hereby give notice that from this date until July 16, at 3 p. m., they will receive subscriptions for the 4 per cent funded loan of the United States in denominations as stated below, at par and accrued interest in gold coin.

The bonds are redeemable after thirty years from July 1, 1877, and carry interest from that date, payable quarterly, and are exempt from the payment of taxes or duties to the United States, as well as from taxation in any form by or under State, municipal, or local authority.

The interest on the registered stock will be paid by check, issued by the Treasurer of the United States to the order of the holder, and mailed to his address. The check is payable on presentation, properly indorsed, at the offices of the Treasurer and assistant treasurers of the United States.

The subscriptions will be for coupon bonds of \$50 and \$100, and registered stock in denominations of \$50, \$100, \$500, \$1,000, \$5,000, and \$10,000.

The bonds, both coupon and registered, will be ready for delivery July 2, 1877.

Forms of application will be furnished by the Treasurer at Washington, the assistant treasurers at Baltimore, Boston, Chicago, Cincinnati, New Orleans, New York, Philadelphia, St. Louis, and San Francisco, and by the national banks and bankers generally. The applications must specify the amount and denominations required, and for registered stock the full name and post-office address of the person to whom the bonds shall be made payable.

Two per cent of the purchase money must accompany the subscription. The remainder may be paid, at the pleasure of the purchaser, either at the

time of the subscription or at any time prior to October 16, 1877, with interest added at 4 per cent to date of payment.

The payments may be made in gold coin to the Treasurer of the United States at Washington, or assistant treasurers at Baltimore, Boston, Chicago, Cincinnati, New Orleans, and St. Louis, and to the assistant treasurer at San Francisco, with exchange on New York, or to either of the undersigned.

To promote the convenience of subscribers, the undersigned will also receive, in lieu of coin, United States notes or drafts on New York, at their coin value on the day of receipt in the city of New York.

AUGUST BELMONT & CO., New York.
DREXEL, MORGAN & CO., New York.
J. & W. SELIGMAN & CO., New York.
MORTON, BLISS & CO., New York.
FIRST NATIONAL BANK, New York.
DREXEL & CO., Philadelphia.

One of the most important letters in this wonderfully interesting series of letters is a letter written by the Secretary of the Treasury, Mr. Sherman, under date of June 16, which expresses the opinion of the Secretary upon the grave questions which have since agitated the public mind. Mr. French, one of the Assistant Secretaries of the Treasury, had written an opinion on this subject, but the great head of the Treasury did not see fit to issue an official letter at that time, construing the laws of the United States. But he gave an opinion, which has been the law of the United States Treasury from that day to this, eighteen years. And it ought to have been sufficient without the attempted introduction into a bond of the United States Government of the word "gold." It was a better security to the bondholder than the "gold" bond itself, which would have created a reaction in the minds of the American people that would have shocked the credit of the United States.

The letter is as follows:

TREASURY DEPARTMENT, Washington, June 16, 1877.

DEAR SIR: Your private note, the letter of your firm, and one from Messrs. Seligman & Co., asking me to make a public statement over my own signature, similar to that of Mr. French, are received. I have given to this important suggestion the most serious consideration, and have come to the firm conclusion that such an act on my part would be inexpedient and defeat the very object you have in view. As a purely executive officer I have no power to pass upon the question mooted. My attempt to do so would at once unite all those who are seized with this mania and those who oppose executive encroachment upon legislative power. It would create excitement, personal and political animosities would mingle with it, and it would tend more than anything else to defeat the success of the loan. I am quite sure this would be the result.

As to whether Congress or the people would ever undertake to pay either principal or interest of the bonded debt, and especially the bonds sold since 1873, in silver, I have a firm conviction that the question will never seriously be raised. These bonds will be paid, principal and interest, in gold coin. The people of the United States have always been extremely sensitive as to the public credit. They never have, for the sake of an apparent profit, yielded any question involving the public honor.

The great satisfaction that will arise from the funding of the loan at a low rate of interest, together with their strong sense of public honor and public faith, will always secure the payment of these bonds, principal and interest, in coin.

Parties or factions may for a time raise and contest questions, but they are but bubbles and will pass away, and like all other questions involving the public credit will be rightfully settled in due time by Congress and the people.

Nothing would so tend to disturb this result as unauthorized "theses" or dogmas by an executive officer upon a question purely legislative or judicial. Indeed, it may be that too much has already been said about this matter by both the President and myself, and I assure you that you will have no occasion to be disturbed by anything truthfully reported of either of us hereafter. The better way is to move right along, making your own statements, and if at any time I see a proper occasion for a strong expression of my opinion I will give it.

Please show this to Mr. Seligman and such of your associates as you deem proper as an answer to all.

Very truly, yours,

JOHN SHERMAN.

HON. AUGUST BELMONT, New York.

Here, now, is a little correspondence which thunders upon the men who attempted to change our entire system by a declaration in one bond that necessarily must have impaired the value of all other bonds.

On the 2d day of November, 1877, the Hon. George F. Edmunds, a Senator from the State of Vermont, addressed the following letter to the Secretary of the Treasury:

UNITED STATES SENATE CHAMBER,
Washington, November 2, 1877.

DEAR SIR: Can you tell me whether there are any, and if so what, United States bonds that are payable on their face by express statement in gold coin as distinguished from coin merely?

Yours, truly,

GEO. F. EDMUNDS.

In answer to Senator Edmunds's letter the Secretary of the Treasury wrote the following letter, which ought at this day to be placarded upon every bulletin board in every chamber of commerce and every board of trade in the United States:

TREASURY DEPARTMENT, November 2, 1877.

SIR: In reply to your note of to-day I have to advise you that no United States bonds are payable in gold coin by express statement on their face. Since the passage of the act of March, 1869, bonds follow the language of that act, and are payable in coin of the standard of the date of the resumption act; that is, "in coin of the present standard value."

Very respectfully,

JOHN SHERMAN, Secretary.

HON. GEORGE F. EDMUNDS,
United States Senate.

Now, turning aside for a moment from the historical features of this remarkable period, what has happened from that day, November 2, 1877, to justify the demand of a foreign syndicate coming into this country and demanding that we shall change the record of this quarter of a century, almost, and place the word "gold" in our bond, when it had been omitted by all the Secretaries of the Treasury, all the acts of Congress, and by the construction thereon put by all these officers? It would have been a blow at every outstanding security that would have prostrated the credit of this country at home. We had gone through the period of war; we had gone through the period of resumption; we have traveled along this pathway for a quarter of a century, prospering to a large extent, with our bonds payable in coin.

Without any reason being given to the public, without any discussion before the public, without any of the learning of the skilled and wise men of the country brought to our aid, we are suddenly called upon out of the mysteries of the night, out of the impenetrable gloom of private contract and private conspiracy and private organization, to place in our bonds a new term, a new condition, without study as to its effect, without knowledge as to its purposes; and because the men of this House of Representatives refuse to do it, small-fry financiers snap at the heels of Congressmen, talk about reading them out of their party, threaten that "they will hear something drop when they come home," and talk as though the credit of the Government had in some way been assailed; and Democratic politicians in the great cities of the Western States gather together around festal boards, and the longer they feed the more eloquent they get as to the "patriotic duty" of men in this connection.

Within a year in the State of Ohio the Democratic party ran a State ticket, and incidentally 21 candidates for Congress, upon a State platform demanding free and unlimited coinage of silver. And it is within my personal knowledge that gentlemen of the highest character, of elaborate education, and enormous wealth stood upon the platforms of the hustings and advocated the election of that ticket—advocated the ratification of that platform, subscribed their money in large amounts to the success of that ticket, and are to-day traveling about the country, entering the portals of newspaper offices, sitting at the mahogany furniture of clubs and places, and toasting each other, and delivering elaborate, learned speeches denouncing Republican Congressmen for voting against the "gold bond," and insisting that the honor of the Government was pledged to that performance, and that all who did not fall into it are knaves and political hypocrites. This shows the effect of "ward politics" upon great men.

These gentlemen believe they are consistent. In November they put up their money for the triumph of a free and unlimited coinage platform. In February following they denounce everybody who is willing and determined to stand by the record and history of the country.

There is another view of this matter which places the action of the former Secretary of the Treasury in pleasing contrast to the American people with the action of the current Secretary of the Treasury. In the present instance, as we all know, secrecy was observed. No one knew of the existence of this contract until it was suddenly sprung upon the Ways and Means Committee by notice from the Treasury Department that the contract had been actually made. When Mr. Secretary Sherman concluded that he would enter upon the business of raising money for resumption he made known to all the financial men of the country his purpose, and gave notice where he would be, and when, and what his object would be. The following correspondence is decidedly interesting:

[Mr. Sherman to Messrs. Belmont & Co.]

TREASURY DEPARTMENT, April 5, 1878.

GENTLEMEN: It is my purpose to be in New York at 4 o'clock on Monday afternoon, and I would like, if practicable, to meet the members of the old syndicate at the Fifth Avenue Hotel that evening at any hour convenient to them to confer as to the best mode of obtaining \$50,000,000 gold coin or bullion prior to January 1, 1879, for resumption purposes, and to receive from the associates, or any of them, or from new parties, offers for any of the description of bonds I am authorized to sell for that purpose.

I propose to accumulate this coin in either the Treasury, the assay offices, or the public depositories throughout the United States that will comply with the conditions of section 5153, Revised Statutes.

I will send a similar letter to this to the First National Bank, and have to request that you will give notice to the other members of the old syndicate, and, with their consent, to any others you desire to participate in the interview.

Very respectfully,

JOHN SHERMAN, Secretary.

MESSRS. AUGUST BELMONT & CO., New York.

[Mr. Sherman to Assistant Treasurer United States, New York.]

TREASURY DEPARTMENT, April 5, 1878.

SIR: You will please inform Messrs. H. F. Vail, president National Bank of Commerce; J. D. Vermilye, president Merchants' National Bank; George S. Coe, president American Exchange National Bank; H. B. Sherman, Mechanics' National Bank, and James Buell, president Importers and Traders' National Bank, that I desire an interview with them at any hour on Tuesday next, at your office, or at such other places as they may prefer, in respect to the purchase for the Treasury for resumption of, say, \$50,000,000 gold coin or

bullion, to be delivered monthly and before the 1st of January next, either at your office or at the designated depositories of the United States, under section 5153 Revised Statutes, and also, if practicable, to secure from them a bid for either of the three classes of bonds described in the refunding act to an amount sufficient to purchase the coin stated. These gentlemen are respectfully requested to select such others connected with national banks as they may agree upon to join in the interview.

Very respectfully,

Gen. THOMAS HILLHOUSE,
Assistant Treasurer United States, New York.

[Mr. Sherman to First National Bank, New York.]

TREASURY DEPARTMENT, April 5, 1878.

SIR: It is my purpose to be in New York at 4 o'clock on Monday afternoon, and I would like, if practicable, to meet the members of the old syndicate at the Fifth Avenue Hotel that evening at any hour convenient to them to confer as to the best mode of obtaining \$50,000,000 gold coin, or bullion prior to January 1, 1879, for resumption purposes, and to receive from the associates, or any of them, or from new parties, offers for any of the description of bonds I am authorized to sell for that purpose. I propose to accumulate this coin in either the Treasury, the assay offices, or the public depositories throughout the United States that will comply with the conditions of section 5153, Revised Statutes.

I have to-day sent a similar letter to this to Messrs. August Belmont & Co., and requested them to notify the other members of the old syndicate, and to invite such other persons to participate in the interview as the associates may desire.

Very respectfully,

H. C. FAHNESTOCK, Esq.,
First National Bank, New York.

[Messrs. Kuhn, Loeb & Co. to Mr. Sherman.]

NEW YORK, April 5, 1878.

SIR: We are prepared to make a very large subscription to the 4 per cent loan if you will agree to leave the proceeds of the bonds so subscribed for on deposit until December 31 in the national banks against the usual security to the Government.

As you doubtless desire to hoard coin for resumption purposes, our proposition will, we trust, be satisfactory to you, and we would thank you for an immediate reply.

Very respectfully,

Hon. JOHN SHERMAN,
Secretary of the Treasury, Washington, D. C.

[Assistant treasurer United States, New York, to Mr. Sherman.]
[Telegram.]

NEW YORK, April 6, 1878.

Hon. JOHN SHERMAN,
Secretary of the Treasury, Washington, D. C.

Your letter of yesterday received. Can I state or read contents to parties named therein?

THOS. HILLHOUSE,
Assistant Treasurer United States.

[Mr. Sherman to assistant treasurer United States, New York.]
[Telegram.]

TREASURY DEPARTMENT, Washington, April 6, 1878.

Gen. THOMAS HILLHOUSE,
Assistant Treasurer United States, New York.

You can read contents to parties named, but give no copy at present.
JOHN SHERMAN, Secretary.

[Mr. Sherman to Messrs. Kuhn, Loeb & Co.]

TREASURY DEPARTMENT, April 6, 1878.

GENTLEMEN: Your letter of the 5th instant, advising me that you are prepared to make a very large subscription to the 4 per cent loan upon certain terms, has been received.

In reply I have to state that I shall be at the Fifth Avenue Hotel, in New York, early next week, and shall be glad to confer with yourselves and associates on this subject. A letter addressed to me on Monday at the above-mentioned hotel will reach me.

Very respectfully,

Messrs. KUHN, LOEB & CO.,
31 Nassau Street, New York.

[Assistant treasurer United States, New York, to Mr. Sherman.]
OFFICE OF THE UNITED STATES ASSISTANT TREASURER.

New York, April 7, 1878.

DEAR SIR: I have seen all the gentlemen mentioned in your letter of yesterday (except Mr. Buell, who will be notified), and have just telegraphed: "Meeting arranged for Tuesday at 1 o'clock p. m." I suggested my office as the place, but the Bank of Commerce was preferred, as less likely to attract public attention. Judging from the expressions of the gentlemen with whom I conversed I think they are disposed to give their cordial cooperation in carrying out the important measures you have in contemplation.

Very respectfully, yours,

THOS. HILLHOUSE,
Assistant Treasurer United States.

The Hon. JOHN SHERMAN, Secretary.

Memorandum of interview, Monday, April 8, 1878, at 5 p. m., at the Fifth Avenue Hotel, New York, between Hon. John Sherman, Secretary of the Treasury, and the members of the old syndicate, Messrs. Belmont, Seligman, Bliss, Fabri, and Fahnestock.

There were also present with the Secretary Hon. Charles Devens, Attorney-General; John Jay Knox, Comptroller of the Currency; Hon. Charles F. Conant, Daniel Baker, and E. J. Babcock.

The Secretary stated that the object of his visit to New York and of his request for an interview with the associates was to obtain \$50,000,000 coin for resumption purposes, and he would like to sell 4 per cent bonds to that amount.

Mr. Belmont did not think the 4 per cent bonds could be sold at present,

and the associates all concurred in the opinion that they would prefer making a proposition for the four-and-a-halves, although they were not prepared to make any definite offer. The Secretary said he would like to get 106 for the four-and-a-halves, but the associates said they would not consider that at all; they would communicate with the Rothschilds and others, and might possibly be able to offer 101; they would come to some conclusion by the next day.

The meeting adjourned to Wednesday, at 4 o'clock.

Memorandum of an interview, Tuesday, April 9, 1878, at 1 p. m., at the National Bank of Commerce, between Hon. John Sherman, Secretary of the Treasury, and the presidents of the national banks: Mr. Vail, Commerce; Mr. Vermilye, Merchants; Mr. Coe, Merchants' Exchange; Mr. Sherman, Mechanics; Mr. Buell, Importers and Traders; Mr. Moses Taylor, City; Mr. F. D. Tappan, Gallatin; Mr. G. G. Williams, Chemical; Mr. F. A. Palmer, Broadway; Mr. George I. Seney, Metropolitan; Mr. P. C. Calhoun, Fourth National.

The Secretary was accompanied by Hon. Charles Devens, Attorney-General; Hon. John Jay Knox, Comptroller of the Currency; Gen. Thomas Hillhouse, Assistant Treasurer; Daniel Baker, and E. J. Babcock.

Mr. Vail said that this meeting was called at the request of the Secretary of the Treasury; that the gentlemen present had no information as to the object of the meeting, and had no opportunity for consultation; that the Secretary would explain more fully what he desired.

The Secretary said that he proposed to resume specie payments on the 1st of January next in accordance with law, and that for this purpose he wished to get \$50,000,000 of gold, and to accumulate this amount would, if possible, sell 4 per cent bonds.

Mr. Vermilye and Mr. Coe spoke at some length to the effect that they were in full accord with the Secretary on the subject of resuming specie payments, and they were willing to cooperate in any way to bring it about. They said that although they had not consulted with the other gentlemen present, they had no doubt they were all agreed upon this subject. They thought, however, it would be utterly useless to attempt to sell 4 per cent bonds, and that as far as such bonds were concerned there need be no more said.

The Secretary said this being so, he would like to have some propositions for four-and-a-halves.

Mr. Coe said that no definite proposition could be made without further consultation among themselves; that they were willing to assist to the extent of their power to obtain resumption; that they would place themselves at the service of the Secretary in any way he might wish without compensation. He said that he thought an arrangement could be made by which the national banks could be made the Secretary's agents in the sale of bonds. He thought the banks might take the \$50,000,000 of 4 per cent bonds, to be paid for by the 1st of January, the Government to receive whatever the banks could get for the bonds.

The Secretary invited the gentlemen to confer among themselves, and, if practicable, make him some definite proposition in the morning.

The meeting adjourned until 11 o'clock Wednesday, April 10.

Memorandum of interview, Tuesday, April 9, at 4 o'clock, at the Fifth Avenue Hotel, between Hon. John Sherman, Secretary of the Treasury, and the members of the old syndicate.

The Secretary was accompanied by Hon. Charles Devens, Attorney-General; Daniel Baker, and E. J. Babcock.

Mr. Belmont read a cable from the Rothschilds offering 101 for \$100,000,000 4 per cent bonds, \$50,000,000 for resumption and \$50,000,000 for refunding purposes.

The Secretary said he was not prepared to accept, but would give a definite answer the next day.

Adjourned to meet Wednesday, at 12 o'clock, at the subtreasury.

WEDNESDAY, April 10.

The Secretary met Mr. Vail of the National Bank of Commerce, and Mr. Vermilye of the Merchants' National Bank, at 11 o'clock, at the subtreasury.

Mr. Vail and Mr. Vermilye submitted a memorandum that if the Secretary would indicate his willingness to receive a proposition for the negotiation of \$50,000,000 4 per cent bonds at par in gold they would recommend the national banks to unite in making it.

Proposition inclosed, marked A.

The Secretary then asked Mr. Vail and Mr. Vermilye whether, if a proposition was made to him by bankers of acknowledged credit and responsibility of 101 for 4 per cent bonds payable in installments and with the usual option, in their opinion it was his duty to accept it.

They both said decidedly, yes; that such an arrangement would be far more advantageous than the acceptance of their proposition, as, if they took the bonds, it might impair to some extent their power to render the usual facilities to their commercial customers.

WEDNESDAY, April 10.

The Secretary met the members of the old syndicate at the subtreasury at 12 o'clock.

There were present with the Secretary Gen. Thomas Hillhouse, assistant treasurer; Hon. Charles F. Conant, Daniel Baker, and E. J. Babcock.

The Secretary said that he would sell only \$50,000,000 4 per cent bonds; that these must be paid for in gold coin for resumption purposes; that he would sell them for 101, allowing one-half of 1 per cent commission, the syndicate to pay all expenses; but before signing the contract wished to communicate with the President.

These terms were accepted by the syndicate upon condition that their associates in London would consent, they reserving the right to cable to London for such consent; and the meeting adjourned until 1.30 o'clock, when the Secretary having received a telegram from the President, the details of the contract were then discussed, and signature was delayed for an answer to the cable of the syndicate.

APRIL 11.

At 12 o'clock the parties met at the subtreasury, and Mr. Lucko, of Belmont & Co., informed the Secretary that the English parties had authorized them to close the contract, and it was executed.

A.—Proposition submitted April 10, 1878, by Messrs. Vail and Vermilye in behalf of national banks.

If the Secretary will intimate his willingness to receive a proposition from the national banks in New York, Boston, Philadelphia, and Baltimore for the negotiation of fifty millions 4 per cent bonds at par in gold for resumption purposes, we will recommend our associates to unite in making it, with the belief on our part that it can be accomplished as suggested. This special loan to be the only bonds of this character offered, unless the same parties have the option of any further sums required.

[Mr. Sherman to the President.]

NEW YORK, April 9, 1878.

DEAR MR. PRESIDENT: General Devens and I have conferred with a committee of presidents of the national banks, and also twice with the members of the old syndicate.

We have presented as strongly as we know how the 4 per cent bonds, and

have offered them on favorable conditions as to mode of payment, but all the parties decline to entertain a proposition as to the 4 per cent bonds. The silver bill, the uncertainty of the money market here and in Europe, they insist, put out of the question the sale of these bonds in sums sufficient to answer our purposes.

We were met by the bank presidents with what I considered rather a chilly reception. They would make no definite offer for even 4 per cent bonds, and their chief spokesman had but little to say except in opposition to the silver bill. I urged them to make an offer for the 4 per cent bonds and to cooperate with the Treasury in measures for resumption, but they said they could not do so without consultation with the Philadelphia and Boston banks and with their several boards of directors; nor would they give us any encouragement for any offer higher than par, with a stipulation that the coin should be deposited temporarily with them.

After consulting with Rothschild, Belmont has now made us a definite proposition of 101 for \$100,000,000 4 per cent bonds. This, if accepted, places resumption beyond peradventure, and will provide \$50,000,000 for refunding purposes. Although this is below what I regarded as the minimum rate when I conversed with you, and is somewhat below actual quotations for these bonds in the market, yet, considering the uncertainties of the future, I am strongly tempted to accept their offer.

General Devens has been present at all these consultations and interviews, and is fully advised of my views.

I should like instructions by 11.30 to-morrow, as I have agreed to give a definite answer by 12 o'clock.

I could, perhaps, prolong the negotiations, but will act promptly upon hearing from you. My inclination was to invite proposals by public advertisement, as we conferred about, but the great fear is that such proposals may not bring as favorable an offer as we now have, especially for such large sums, and may lead to the withdrawal of the offer.

Very respectfully,

JOHN SHERMAN, *Secretary.*

[Messrs. Kuhn, Loeb & Co. to Mr. Sherman.]

NEW YORK, April 10, 1878.

SIR: Having now fully conferred with our friends, we beg to submit to you the following proposition, viz:

We will subscribe for equal amounts of the 4 percents and of the 4 1/2 percents, and for an amount sufficient to cover the sum required by you for resumption purposes, say for a total of fifty millions bonds.

The subscription made to be paid for now, but the proceeds of same to be deposited by you with certain national banks in this city, which deposits are to be returned to the Treasury as follows, viz:

Twenty-five per cent on November 30, a. c.; 25 per cent on December 15, a. c.; 50 per cent on December 31, a. c.

No other 4 per cent bonds to be sold by the Treasury during the year, but this subscription not to interfere with the popular subscriptions to the 4 per cent loan now going on at the Treasury Department.

While we would request you to consider this proposition as informal, we feel satisfied, if you will indicate to us your readiness to act upon the same, that we can within a few days make a definite proposition as above.

We think we will be able to harmonize in our syndicate all interests and we feel confident we can induce the leading national banks to join us in our subscription.

Hoping to hear from you at your earliest convenience, we remain, honorable sir,

Yours, very respectfully,

Hon. JOHN SHERMAN,
Secretary of the United States Treasury, Present.

[Mr. Sherman to the President.]

[Telegram.]

NEW YORK, April 10, 1878.

The PRESIDENT, Washington, D. C.:

Ultimatum one hundred one and half less one-half of 1 per cent commission for fifty millions; they to pay expense of loan. Shall I accept? Answer immediately, care General Hillhouse, assistant treasurer.

JOHN SHERMAN, *Secretary.*

[The President to Mr. Sherman.]

[Telegram.]

EXECUTIVE MANSION, April 10, 1878.

The SECRETARY OF THE TREASURY,
(Care Gen. Thomas Hillhouse, New York City):

You are authorized to act according to your judgment of the public interest on proposition described in letter of yesterday. My inclination is favorable to acceptance.

R. B. HAYES.

The difference between that sort of a proceeding, made in the open daylight, with the whole financial world looking on and listening, without a door being closed, or any injunction of secrecy, is in pleasing contrast with a contract made in the dark, without the knowledge of any human being except the parties thereto, and which is only brought to the knowledge of the people by its production in the room of the Committee on Ways and Means, with a solemn injunction placed upon that committee that no mention should be made of the terms of the contract, and which finally reaches daylight after a demand has been made upon it by the introduction into the Senate of the United States of a resolution of inquiry, and the threat of one in the House of Representatives. In the one case all possible effort was made to secure competition; in the other all possible effort, apparently, was made, whether purposely or otherwise I know not and do not charge, that there should be no competition. And in the one case the pay of the syndicate was one-half of 1 per cent, and in the other case the profit of the syndicate was \$10,000,000.

And now, Mr. Chairman, having pointed out some of the more conspicuous and salient differences between the administration of a Democratic Secretary of the Treasury in 1895, when a third of a century of recuperation had been adding to our national strength, and the administration of John Sherman, when the country lay

prostrate under a burden of debt and turmoil, I commend the record to the candid consideration of the distinguished gentleman from Illinois, Mr. SPRINGER; and in his retirement, which for personal reasons many of us greatly regret, I suggest that he devote some portion of his time to a frank and candid consideration of the difference between Republican and Democratic wisdom in this behalf.

Arbitration.

There is no more danger of the abandonment of arbitration after a fair trial than there is of our going from the court of justice back to the wager of battle.

SPEECH

OF

HON. WILLIAM J. BRYAN,
OF NEBRASKA,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 26, 1895.

The House being in Committee of the Whole, and having under consideration the bill (H. R. 8556) concerning carriers engaged in interstate commerce and their employees—

Mr. BRYAN said:

Mr. CHAIRMAN: I shall vote for the pending measure, not because I believe it entirely free from faults, but because I am in favor of the principle of arbitration and am willing to support any proposition which looks toward the equitable adjustment of disputes between capital and labor. Popular government is built upon the theory that the people are able to make and execute all the laws necessary for their own government. Not only are the people capable of self-government, but each generation is competent to judge of its own necessities and to suit to its own peculiar needs the form of government and the law. When new conditions arise new laws become necessary to meet and provide for such new conditions. Arbitration is needed to-day because of the change which has taken place in the industrial world within the last century. One hundred years ago the employer did business on a small scale and was intimately acquainted with each of his employees. He knew their names, their financial condition, and the circumstances which surrounded each.

This intimate acquaintance created a mutual sympathy, which was sufficient to soften and regulate their business relations; but steam, electricity and inventive genius have wrought an entire change in our industrial system. Instead of the small employer we now have the large corporation; instead of a few employees working immediately under their employer we find a hired superintendent fixing the wages, regulating the hours of work, and virtually holding in his hand the means of subsistence of hundreds, thousands, and sometimes tens of thousands of working men. It is impossible for the superintendent to know the employees except as their names appear upon the pay roll, and it is impossible for the employees to know the employer except as "the boss." Under these circumstances mutual sympathy is impossible, and that regulating force being removed society must by law supply another regulating force.

The growing antagonism between capital and labor is not strange. The power which the employer possesses to regulate wages is enormous, and the temptation to use that power for pecuniary profit regardless of the equities of the case is strong, in fact, almost irresistible. We must expect that human beings possessing great power over their fellows will abuse that power unless restrained by law. Jefferson never spoke more truly than when he said that one of the important duties of Government is to prevent men from injuring one another. It is natural, too, that employees, recognizing their inability to alone cope with their employers, resort to organization, that the individual's power of resistance may be multiplied by numbers. It is natural, also, that the organization and the employer should regard each other with more or less of suspicion and that contests should arise between them.

Every contest between an employer and a large number of employees involves a considerable amount of money in the aggregate, and hence each side is anxious to win. The employer in times of business depression can always find those who are willing to take the place of strikers on almost any terms, because coerced by their own wants and by the needs of their families. Capital can wait, but man can not put off until to-morrow the satisfying of his hunger, nor can he turn a deaf ear to the pleadings of wife and child. The strikers, feeling that their cause is just, and knowing that defeat means possible privation, can not view with unconcern the willingness of others to take

their places. While they themselves are generally restrained from offering injury to persons or property by respect for law and also by the knowledge that lawlessness always forfeits the public sympathy to which they must appeal, irresponsible characters are always present to take advantage of the excitement and confusion attendant upon a strike and commit acts which justify the employer in appealing to the authorities for protection.

These are the conditions, the natural conditions, I say, which have grown up, and we may expect these conditions to become more and more serious unless a remedy is applied at once. What should be done? Should we say to the employer, "Society will protect you in your effort to regulate the hours of labor and the wages of your employees regardless of consequences"? We can not say that without surrendering to the employer the power to fix the social, financial, and moral status of his workmen, for they all depend largely upon the conditions under which they labor. Should we, on the other hand, say to the employees, "Society will protect you in any effort you desire to make to regulate wages and hours of labor"? We can not say that without surrendering the property of the employer to the employee. It is not necessary for society to go to either extreme, nor can society allow either employer or employee to be the sole judge of conditions. Society has rights superior to both employer and employee, and must protect itself against the consequences which would follow from unreasonableness upon the part of either.

Society can not afford to allow the employer and the employee to fight out their differences even if they both desire to do so, and certainly neither desires to do so. Courts of justice are established to settle disputes, to construe contracts, and to award damages. Commissions are established to fix transportation rates and for various other purposes. Courts and commissions are simply arbitration boards instituted by society for its own protection and for the economical adjustment of personal difficulties. This bill seeks to extend the principle of arbitration to disputes between common carriers and their employees in regard to wages, hours of labor, and conditions of employment. I am in hearty sympathy with the purpose of the bill and shall gladly support it.

As I said, it is not a perfect measure, but it is too much to expect perfection in any kind of legislation, much less in legislation upon a new subject. We shall be able to correct some defects, doubtless, while the bill is under discussion, and defects which manifest themselves when the law goes into effect can be remedied as they become apparent. It is important that we make the start and make it at once. There is no more danger of the abandonment of arbitration after a fair trial than there is of our going from the court of justice back to the wager of battle. Arbitration is in the line of progress, and, like the adoption of the Australian ballot, is an indication, if not proof positive, that civilization is advancing, and that each new generation pitches its camp on higher ground.

Mexican War Pensions.

SPEECH

OF

HON. CHARLES L. MOSES,

OF GEORGIA,

IN THE HOUSE OF REPRESENTATIVES,

Monday, February 18, 1895.

The House having under consideration the bill (H. R. 7414) granting increase of pension to survivors of the Mexican and Indian wars, and to their widows—

Mr. MOSES said:

Mr. SPEAKER: This bill was unanimously reported by the Committee on Pensions during the last session. It proposes to increase the pensions of all Mexican and Indian war pensioners from \$8 to \$12 per month. The gentleman from California [Mr. CAMINETTI] and other members have appeared before the committee and urged the report of this bill. During the last session of the Fifty-second Congress the Mexican war act was amended so that any veteran of that war drawing a pension of \$8 per month can, if he will swear that he is a pauper, draw a pension of \$12 per month. Under that act about one-third, or probably more, of the Mexican veterans draw a pension of \$12. Why require these old veterans to take the pauper's oath? All of them are too old to work and nine-tenths are poor. Many of them would starve before they would submit to such humiliation. All other service pensions have been at \$12 per month.

I believe it is the opinion of all parties that these pensions should be equalized and all of them placed upon the same footing; that it is unfair to require these men to put on record the fact that they are paupers in order to draw the same pension that all other service pensioners of the country have drawn.

Mr. DOCKERY. What amount does the bill carry?

Mr. MOSES. I have the report here. All told there are now about 27,000 who would be affected by this bill—27,000 pensioners. We have also reported in favor of including pensioners of the Indian wars, and have them put on the same footing, giving them a pension of \$12 a month instead of \$8.

Mr. CANNON of Illinois. It increase the appropriation \$1,300,000.

Mr. MOSES. I will state that the averaged age of the beneficiaries of this law is now 75 years; and the increase will be only for a short time on account of the percentage of mortality of people of this age. If we expect to give these men the same pensions that have been given to other soldiers we must do it now, because they are rapidly passing away.

Mr. DOCKERY. What will the increase in the expenditures be under the operation of the bill?

Mr. MOSES. It will not exceed one million, because many will draw the \$12 under the pauper act.

Mr. CANNON of Illinois. I want to ask the gentleman a question for information. I find in the Commissioner's report that it will be \$1,309,632 increase for Mexican veterans and those who were engaged in the Indian wars.

Mr. MOSES. That was the estimate made a year ago. The figures are not so large as he gave them then. A great many have already been put on the roll at \$12 a month, and many more have died.

Mr. O'NEIL of Massachusetts. Will the gentleman allow me to ask him a question?

Mr. MOSES. Certainly.

Mr. O'NEIL of Massachusetts. Under the law at present on the statute books the Mexican veteran gets \$8 a month, and if he states that it is not enough to keep him in the necessities of life the pension is increased to \$12 a month.

Mr. MOSES. That is right. He must show that he is a fit subject for the "poor house." The regulations are very rigid.

Mr. HEPBURN. Mr. Speaker, I rise to a question of order. It is impossible to hear what gentlemen say.

The SPEAKER. The House will be in order.

Mr. SMITH of Illinois and Mr. TALBERT of South Carolina rose.

The SPEAKER. To whom does the gentleman yield?

Mr. MOSES. I yield to the gentleman from Illinois for a question.

Mr. SMITH of Illinois. I desire to ask the gentleman a question for information. As I understand, the Mexican soldiers who are drawing pensions under the act of 1893, those who are drawing service pension, will all be entitled to this increase to \$12 a month which was provided under that act.

Mr. MOSES. They all come in at the rate of \$12 a month.

Mr. SMITH of Illinois. They come in under this bill regardless of whether they are suffering from disability, and they receive this service pension.

Mr. MOSES. They do not draw any pension for disability. I have a bill on the Calendar giving the same pension for disability to those soldiers as are given to the Union soldiers of the last war. A soldier who lost a leg in Mexico gets only \$8 per month. There has been a general demand that our legislation ought to be general.

Now, there are 500 private bills before the Committee on Pensions asking for increase, but it is the opinion of the committee that all should be treated alike and they have reported this general bill, and I trust those gentlemen who are opposed to special bills will support this measure.

Mr. TALBERT of South Carolina. I suppose the limit is from 1842 to 1852. It is only soldiers engaged in wars between those years you put under this law giving \$12 a month.

Mr. MOSES. The bill does not extend the time at all. It applies to pensioners under the Mexican act of 1887, and the Indian war act of July 27, 1892.

Mr. HERMANN. I would like to ask the gentleman a question. I want to know if he would have any objection to including in his bill an amendment that would include the survivors of the Cayuse Indian war, which occurred in 1847 and 1848, on the Pacific Coast, in the States of Oregon and Washington? There are but 147 of these survivors, and it was one of the most bitterly contested Indian wars in the history of the country. These men were struggling for the benefit of American soil, and it seems to me an unjust discrimination not to include them, but to report a bill for the benefit of one class.

Mr. MOSES. The gentleman knows that under this mode of procedure the bill can not be amended. I am perfectly willing that the bill providing for the survivors of the Indian war to which the gentleman has referred shall be passed. The committee is ready to report it unanimously; and I am in favor of those bills, and of the adoption of a general law covering this subject. Of course we can not include that as an amendment to this bill. This I am sure is satisfactory to my friend from Oregon.

Mr. HERMANN. I do not wish to militate against the passage of this bill.

Mr. BARTLETT. I would like to ask the gentleman to state

what additional burden will be imposed upon the taxpayers of the country by the passage of this bill?

Mr. MOSES. To make the increase from eight to twelve dollars a month to these pensioners will incur an expense of about one million per annum.

Mr. BARTLETT. That is one million more of burden on the taxpayers.

Mr. MOSES. I am glad that the gentleman from New York is solicitous for the overburdened taxpayers. I will say that the beneficiaries of this bill belong to that class who have always borne the burdens of the country and who have received but scant recognition in return. This appropriation goes largely to a section that contributes ten times as much to the pension burden as it receives from it.

War Claims.

SPEECH OF

HON. FRANK E. BELTZHOVER,
OF PENNSYLVANIA,
IN THE HOUSE OF REPRESENTATIVES,

Monday, February 4, 1895.

The House having under consideration the bill (H. R. 286) to authorize the payment of damages sustained by the State of Pennsylvania from Union and Confederate troops during the late war, as adjudicated and liquidated by the State of Pennsylvania under the provisions of an act of the general assembly—

Mr. BELTZHOVER said:

Mr. SPEAKER: The bill now under consideration is designed to provide for the payment of claims for private property appropriated by the Government for public use during the war of the rebellion. The facts upon which the various claims covered by the bill rest must perhaps be considered separately, but the general propositions of law governing the determination of such claims can perhaps be best considered together.

The principle upon which governments are bound to pay for the property of their citizens appropriated to the public use in war is clearly settled in the law of nations, and has been recognized by all publicists, moralists, and jurists ever since the days of the civil law. Whether the government acts under the right of eminent domain or from necessity and outside of all constitutional provision, the claims of the sufferers have been universally recognized by the legislative authorities of all civilized nations.

Grotius says:

We must observe this, that the king may in two ways deprive his subjects of their right, either by way of punishment, or by virtue of his eminent power. But if he do so in the last way it must be for some public advantage, and then the subject ought to receive, if possible, a just satisfaction for the loss he suffers out of the common stock. (Grotius, b. 2, ch. 14, sec. 7.)

The state has an eminent right of property over the goods of the subjects, so that the state or those that represent it may make use of them, and even destroy and alienate them, not only on extreme necessity, but for the public, to which we must add that the state is obliged to repair the damages suffered by any subject on that account out of the public stock. Neither shall the state be absolved from this obligation, though for the present not able to satisfy it; but whenever the state is in a capacity, this suspended obligation shall resume its force. (Grotius, b. 3, ch. 20, sec. 7.)

Vattel says:

Is the state bound to indemnify individuals for the damage they have sustained in war? Said damages are of two kinds—those by the state itself or the sovereign, and those done by the enemy. Of the first kind some are done deliberately and by way of precaution, as when a field, a house, or garden belonging to a private person is taken for the purpose of erecting on the spot a tower, a rampart, or any other piece of fortification; or where his standing corn or storehouses are destroyed to prevent their being of use to the enemy. Such damages are to be made good to the individual, who should bear only his quota of the loss. (Vattel, 403.)

Whiting, in his War Powers, in which he lays down the law governing the subject in this country and particularly during our late war, says:

When individuals are called upon to give up what is their own for the advantage of the community justice requires that they should be fairly compensated for it. Otherwise public burdens would be shared unequally.

Public use does not require that the property taken shall be actually used. It may be disused, removed, or destroyed, and destruction of private property may be the best public use it can be put to. Suppose a bridge owned by a private corporation to be so located as to endanger our forts upon the banks of a river. To demolish that bridge for military purposes would be to appropriate it to public use. (Whiting, pages 16, 17.)

These authorities can be multiplied indefinitely to the same effect. The only excuse which has ever been recognized for not paying such claims is the inability of the Government, and no modern nation has ever yet availed itself of this.

England, Germany, and France have always paid their citizens for private property taken and used in war, and this Government has followed the same rule from its origin down to a very recent period.

The war of the Revolution was fought before there was any constitutional provision against taking private property for public use without making compensation. The troops for that war were

furnished by the States, and Congress was not therefore under a direct obligation to make provision for payment for property so taken during that war, but in 1784 adopted a resolution providing:

That it be referred to the several States, at their own expense, to grant such relief to their citizens who may have been injured as aforesaid as they may think requisite, and if it shall hereafter appear reasonable that the United States should make any allowance to any particular State which may be burdened beyond others that the allowance ought to be determined by Congress.

In pursuance of this resolution, when Mary Brower and others appealed to Congress in 1818 for the payment for property destroyed by the American Navy on Long Island on the advance of the British in 1776, the Committee on Revolutionary Claims denied the petition, not on the ground that compensation should not be made, but on the ground that the claimants should have appealed to the State of New York. Notwithstanding this resolution, on the recommendation of Mr. Hamilton, Secretary of the Treasury, Congress, in 1784, passed an act for the relief of the Wilmington Academy for damages occasioned by the occupation of the United States troops.

It is to be observed that the impoverished condition of the Government after the War of the Revolution might justly have entitled Congress to plead the inability of the Government to pay under the exception which is provided in the law of nations.

There is, however, no semblance of such a spirit exhibited anywhere in the action of the founders of the Government in dealing with the question. On the contrary they implanted in the fundamental law of the young Republic in the last clause of the fifth amendment to the Constitution the provision, "Nor shall private property be taken for public use without just compensation."

What is public use? When there is a public necessity for the property, as for quarters, subsistence, or the preservation or protection of an army, the officer in command may, if in his judgment it is necessary, seize and use buildings and other property for his command; and in case of danger he may order them destroyed for the protection of his troops or to prevent them falling into the hands of the enemy. In either event the public has had the use and benefit of the property, and the owner is entitled to indemnity.

In the language of Mr. Whiting, supra:

Public use does not require that the property taken shall be actually used. It may be disused, removed, or destroyed, and destruction of private property may be the best public use it can be put to.

In conformity with this view of the obligations of the Government to its citizens, Congress, after the war of 1812, provided by a general law, the act of April 9, 1816, and by more than a hundred special acts for the payment of property appropriated, damaged, and destroyed, not only by the United States troops, but by those of the enemy, covering practically all the losses suffered by our people during that war.

The general law of April 9, 1816, entitled "An act to authorize the payment for property lost, captured, or destroyed by the enemy, while in the military service of the United States, and for other purposes" (3 Stat., page 261), provides:

Section 1 of said act provided for payment for horses lost in battle or otherwise while in the military service in the war of 1812.

Section 2 directed payment for horses lost by the owner being dismounted or separated from the same.

Section 3 directed payment for all horses, mules, oxen, wagons, carts, boats, sleighs, or harness which was lost, captured, or destroyed by the enemy while such property was in the military service of the United States by impressment or contract.

Section 4 directed payment for arms and accouterments lost or destroyed.

Section 5 provided that where any property had been impressed or taken by public authority for the subsistence of the Army and was destroyed, lost, or consumed, the owner should be paid the value thereof.

Section 6 provided—

"That any person who, in the time aforesaid, has sustained damage by the destruction of his or her house or buildings by the enemy while the same was occupied as a military deposit, under the authority of an officer or agent of the United States, shall be allowed and paid the amount of such damage: Provided, It shall appear that such occupation was the cause of its destruction."

Said act provided for the appointment of a commissioner to settle and adjust these claims under such rules and regulations as the President should prescribe.

Richard Bland Lee was appointed the commissioner, and by reference to American State Papers, Volume Claims, pages 490 to 496, will be found the rules and regulations prescribed by the President for the guidance of the commissioner.

The report there shows that the commissioner had, from July 1 to December 17, 1816, adjusted 850 claims upon which he awarded \$229,693.15.

The commissioner stated in his report that the rules adopted by the President and himself had also been adopted by Congress in the passage of several private acts, in April, 1816, and, among others, acts for paying William Flood for a house burned by the British; to pay Clinton County, N. Y., for a court-house burned by order of General Macomb; and to pay Hamilton County, Ohio, for the court-house burned while occupied by troops of the United States.

On February 20, 1818, the commissioner, through the Secretary of War, made a report showing what amount had been paid on

claims under the ninth section, but this report does not appear to have been printed in the American State Papers.

The act of April 18, 1818, transferred all unadjusted claims to the Third Auditor and directed that he should settle and adjust them in accordance with the rules and regulations prescribed for the commissioner by the President under the act of 1816. (3 Stat. at L., page 466.)

Subsequently Congress referred many claims that had not been filed within the limitations of the act of 1816 to the Third Auditor to be settled upon the rules mentioned.

A full discussion of this act will be found in the annals of the Fourteenth Congress, second session, 1816-17, House proceedings, pages 245, 299, 462, 1028, 1035, 1040, 1051, 1211, also debates, pages 282-426; Senate proceedings, pages 2065, 2067, 2078, 2089, 2096, and 2106. Mr. Calhoun contended that the Government was not liable for losses inflicted by the public enemy, and Mr. Clay held that the Government ought to pay its citizens all their losses incurred in the public defense.

In the debate (see Annals of Fourteenth Congress, second session, pages 382 and 424) Mr. Clay said:

What was that principle? It was this: That when the Government seizes the property of a private individual and converts it to the uses of the community and the property is in consequence thereof destroyed, there exists an obligation on the community to indemnify the particular individual who has suffered. That being the principle, could there be any member of the House who would say it was wrong? The public seizes my house, converts it into a garrison, and the enemy destroys it; is not the public on every principle of justice bound to indemnify me for the loss? Unquestionably. (Page 382.)

Later in the debate he says further:

The general principle which he had before laid down and now meant to sustain was that in regard to property within the jurisdiction of a State, if it falls in its highest obligation to protect that property, the State is bound to make indemnity to the sufferer if from the nature of the government and without too great a dilapidation in its means it can do it without any great injury to society.

The losses should have been sustained on land in a way of voluntary declaration necessary or unavoidable and not exceeding in aggregate amount the ability of the country easily to pay. Society, he argued, was a compact between those who compose it by which they agree that contributions for the common defense shall be equal, and that there ought to exist an obligation by which those losses should be equally apportioned to which individuals were for a common object exposed. (Page 426.)

The same rule has been held to be the law by the highest courts of the United States.

In the case of *Mitchell vs. Harmony* (13 Howard, 115) this subject was fully and ably treated. The court says:

There are occasions in which private property may be lawfully taken or destroyed to prevent it falling into the hands of the public enemy; also, where a military officer charged with a particular duty may impress private property or take it for public use. Unquestionably in such cases the Government is bound to make full compensation to the owner. (Page 131.)

The Government, in further expression of its policy of compensation for such losses, provided by the act of February 4, 1853, establishing the Court of Claims, that it should have jurisdiction over:

All claims founded upon any law of Congress, or upon any regulation of any Executive Department, or upon any contract, express or implied, with the Government of the United States, and all claims which may be referred to it by either House of Congress.

This act fully recognized the validity of all such claims for private property taken and appropriated by the Government for public use in the widest sense of that word, and provided a tribunal for their trial. In *Filor vs. United States* (9 Wallace, 45), Judge Field says:

The term "appropriations" is of the broadest import. It includes all taking and use of property by the Army or Navy in the course of the war not authorized by contract with the Government. The use may be permanent or temporary, and it may result in the destruction of or mere injury to the property. If the right to the property or to its use is not obtained by valid contract with the Government the taking or use of it is an appropriation within the meaning of the act of Congress.

In the case of *Grant vs. The United States* it was clearly held that when the property of a citizen was destroyed by the order of a military officer to prevent it from falling into the hands of the enemy the Government was bound by law to pay the owner the value thereof. The act of March 3, 1863, still further extended the rights of claimants, and provided for their speedy determination.

Subsequently to the decision in the *Grant* case, Congress passed the act of July 4, 1864, restricting the jurisdiction of the Court of Claims by declaring that the jurisdiction of said court shall not extend to or include any claim against the United States growing out of the destruction or appropriation of or damage to property by the Army or Navy, or any part of the Army or Navy, engaged in the suppression of the rebellion from the commencement thereof until the close. (13 Stat., 381.)

This act did not pretend to controvert the correctness of the court decisions nor to declare the Government was not liable for such claims. It merely suspended the jurisdiction of the court over cases that arose during that war. It still has jurisdiction over all cases that have or may arise since the close of the war. The right of indemnity exists for those arising during the war, but the remedy has been changed by taking it from the courts and referring to Congress.

The debate in the House and Senate during the consideration of

the act of July 4, 1864, shows plainly that it was the critical situation of the Government in the most exigent period of the war of the rebellion which impelled Congress to pass the law. Up to that time the Government had always recognized the rights of its citizens whose property was taken for public use to have compensation. By the provisions of the Federal Constitution, by the acts of Congress after the war of 1812, by the act establishing the Court of Claims and fixing its jurisdiction, and by the act of March 3, 1863, the Government was committed in the most unmistakable manner to the payment of such claims. The most distinguished lawyers of the Senate and House, advocating the act of 1864 taking away the jurisdiction of the Court of Claims over claims "for the destruction, appropriation, or damage" to private property by the Army and Navy, recognized such claims, and that they had up to that time been obligations of the Government, but placed the temporary suspension of such claims entirely upon the absolute necessity for such action.

On July 4, 1864, the situation of the Government rendered it impossible to provide compensation for the losses which its citizens had suffered and would probably continue to suffer in the prosecution of the war for the salvation of the nation. The Treasury was empty; a debt of many millions hung over the Government; more than a million of soldiers and sailors were under arms to be fed and clothed and equipped and paid; gold was at a premium of 240 and the credit of the nation correspondingly depressed, and a crisis had been reached when it became imperatively necessary to pay nothing but the absolute and inexorable expenses of war. The *salus populi* had become the *suprema lex*, the sovereign was no longer able to do more than take care of the safety of the nation, and all other obligations had to be postponed till the nation might be able to pay.

The following are extracts from the debate in the House on the act of July 4, 1864 (page 164, Congressional Globe, first session Thirty-eighth Congress, Tuesday, January 12, 1864):

Mr. STEVENS. It is a very important question. I am not sure but that persons are legitimately entitled to be paid for the losses sustained by them in consequence of the acts of our own military authorities during the war, and should be allowed to bring their claims before the Court of Claims as well as if they were claims arising under contracts. I think that this is a very harsh measure toward those who suffer by the acts of our own troops. As to claims for losses inflicted by the enemy, I know very well that they are not to be thought of. But in regard to the acts done by our own troops, by order of our own military officers, I see no reason why claims for compensation should be deferred or why jurisdiction of them should be taken from the Court of Claims. * * *

Now, suppose that it is necessary for the Government of the United States to take property for the object of the Army; suppose that the Army batters down and destroys houses which are in the way of military operations, and turns families out of doors; if I understand the gentleman from Iowa, all such questions are to be reserved to some indefinite period in the future. Instead of allowing claims to go before the Court of Claims, and the claimants to take the chance of securing appropriations to pay them by Congress, they are to be put off, for anything that we know, to the death of the parties who are entitled to justice. I can not recognize anything of that kind.

Mr. WILSON. But the question here is whether the House will leave this whole matter, involving hundreds of millions of dollars, to the Court of Claims that the Government may now be forced to adjustment and settlement, or whether we will wait until we can determine some general system by which justice may be done to the claimants who should be paid by the Government. For the purpose of reserving these questions until Congress can devise some scheme for the adjustment of all that should be adjusted, the committee have directed me to report this bill.

Mr. SCHENCK. I hold that all these claims sounding in contract, all these instances where property, material, subsistence, has been actually taken, and where the Government has had the benefit of it, ought to be paid for. Under the rules of the court they will be paid for only to loyal claimants. But they ought to be paid for. I do not hold that it is safe for us to attempt to go any further. I know that there is a vast number of cases that will arise hereafter under claims against the Government for damages done by our Army in its progress. There will be claims for fences burned, for farms tramped over, for crops destroyed, for cattle escaped by reason of fences being let down, for houses occupied, and for innumerable other matters of that general class. I am not in favor of anything being done by this Congress in regard to that large class of cases, except to provide some proper tribunal which shall perpetuate the testimony, in order that hereafter, when claims are presented, there may be some probability of those claims not being excessive or extraordinary.

Page 911:

Mr. WILSON (reading from letter of William Whiting, Solicitor of War Department, who says): "And what is singular, every claimant purports on affidavits to be a loyal citizen, even when in some cases it is very well known to the Department that the party really interested in the claim is actively engaged in rebellion at the time the claim is presented."

"Rebel printing offices have been gutted out, secession houses have been burned, arms and munitions of war have been seized, vessels have been used, seized, or captured by our forces, railroads have been taken for military use, their rolling stock has been worn out, tracks have been destroyed, bridges burned or blown up, and every form of devastation and destruction has been inflicted on the enemy's property by our armies."

"From all these injuries, the inevitable result of warlike operations, claims arise against the Government from some persons claiming to be loyal, even though residing in the districts at war with us. Whenever the armies move they scatter broadcast the prolific seed which will ripen into claims against the Government."

"Sometimes the amount of annual rent demanded for a piece of real estate is equal to half or the whole of its value."

"If it were now understood that they were allowed and promptly settled in the War Department and paid by the Treasury, I do not believe that we could carry on the war three months, for want of money or credit."

Thirty thousand dollars out of the \$37,193.75 claimed is asked as compensation for negroes who ran away from the estate. And this is but one of many claims of this character being pressed on the attention of the court. Unless we take this matter into our own hands, and withhold jurisdiction of these cases from the Court of Claims, we will find, as the Solicitor of the War De-

partment states, that hundreds of millions of dollars will be required to satisfy these claims. It may be that many of these claims should be paid, but we can not pay them now. They must wait. They must pass along with the events of this war, and be adjudicated and paid when we can more fully consider them and provide for their payment.

I submit to the House whether we can at this time provide for the satisfaction of these claims, leaving out of consideration the question as to whether the citizen has a right to demand satisfaction at the hands of the Government.

Mr. STEVENS. Will the gentleman let me ask him a question?

Mr. WILSON. Certainly.

Mr. STEVENS. Do I understand him to say that the damages sustained by individuals from the Government itself, by the order of its generals, do not furnish a just claim against the United States?

Mr. WILSON. I should like to ask the gentleman from Pennsylvania to inform the House, if it were not for the Court of Claims how any citizen could sue the Government? If it were not for that, how could any suit be brought against the Government?

Mr. STEVENS. When damage was caused by the Government, that no remedy was granted did not affect the right of the citizen, for that exists all the time until satisfied.

Mr. WILSON. I speak of the legal right of citizens to demand legal satisfaction. I say it never did exist since the first time it was declared that the King could do no wrong.

We must not forget, sir, that the existence of the Government is of much more importance to all of the citizens than the immediate payment of any claims of any portion of the people of the country. It is not just, it is not right that these claims should be pressed upon the Government for adjustment and payment which will deprive us of the means of carrying on the war by the payment of the Army and the other necessary expenses of the Government. It is impossible that we should do it.

There can be no mistake as to the extent to which the ablest leaders in Congress in 1864 believed the jurisdiction of the Court of Claims went in regard to such claims against the Government. The act which was passed recognized the liberal provisions which had been made by the sovereign power, and resumed for that sovereign the right which it had originally possessed of providing or refusing to provide for the payment of such claims.

The act of 1864 did not change or deny the obligation of the sovereign for such claims, but only suspended the control of the tribunal which had been instituted for their determination. All such claims remained as just and equitable and binding on the Government as ever, and the duty to pay them revived in all its vigor as soon as the condition which excused their postponement had passed away. Unless, therefore, the policy of the Government on this subject has been changed or abrogated the claims which were cognizable under the act of 1855 by the Court of Claims are just obligations of the Government now and appeal to the conscience and sense of justice of Congress.

It is proper to further observe that in view of these facts the act of 1864 did not place the stores and supply claims which now come to us on any higher plane than all other claims for property taken by the Government for public use. The act simply cut off all claims from judicial consideration, and recognizing that the country was in the midst of a war which exacted all its energies and silenced all other interests, sent those for the immediate use of the Army to the Quartermaster-General, whose functions are a part of the military establishment of the Government. The status of such claims made them cognizable, they being supplies for the Army. But with the termination of the war and the expiration of the limitations put by the law upon such claims, all that remained fell back, like all other claims for the property of private citizens taken by the Government, for the consideration of Congress. They now stand as all other claims—no higher, no lower—when properly proved.

It is respectfully submitted, therefore, that when the war had closed and the Government was restored to its pristine power and to the ability to pay easily all its just debts, the obligation to pay such debts was revived, and under the law of nations and the Constitution of the Republic and the uniform practice of Congress, such debts included the actual value of all property of indisputably loyal citizens appropriated, damaged, or destroyed by the Government in the prosecution of the war for the preservation of the Government.

No intelligent lawyer will contend that this obligation is one enforceable in the courts of any country without the consent of the legislative power expressed in a statute. The adage that "the king can do no wrong" applies to all governments, and it must ever be one of the prerogatives of the supreme and sovereign power in a state, as well as a republic as a despotism, to do as it pleases, even to the extent of doing gross injustice. The provision in the Constitution that private property shall not be taken for public use without making just compensation is a mere naked declaration of the equitable principle laid down by all publicists and moralists and embodied in their views of the rules which should govern nations.

The obligation to pay such claims is one which Congress has always recognized as an appeal to its conscience and judgment, and acted accordingly until very recently.

In 1867 an act was passed by Congress to pay Mr. Arms \$9,500 for his house, which was destroyed in Fairfax County, Va., by military orders to prevent its use as a cover for attack by the enemy and also as a point of observation.

In 1873 the Senate passed by more than a two-thirds vote, and the House without a division, an act for the payment of \$27,000

to J. Milton Best for the destruction of his house at Paducah, Ky., by the United States troops. The bill was vetoed by President Grant under the advice of Attorney-General Akerman, but the judgment of Congress was sustained by a vast array of precedents and by overwhelming votes in both Houses, where the same bill had been repeatedly reported favorably.

In 1880 an act was passed to pay Mr. Warren, of Texas, \$15,867 for damages sustained by him in the capture and destruction of his property by Indians.

In 1893 an act was passed paying William and Mary College, in Virginia, \$65,000 for the destruction of its buildings by the troops of the United States during the war.

The tribunal, therefore, to which all such claims as are embraced in the bill now before the House have always been addressed has never by a solitary act refused to pay them. The leaders in Congress in 1864 expressly stated that the suspension of the jurisdiction of the Court of Claims over such cases was only temporary and after the war would be restored or some other tribunal established for their consideration, or that Congress itself would examine them and provide for the payment of whatever might be found justly due. The question is one solely for Congress, and it ought to be met in a straightforward and manly and honest way. There is no longer any earthly excuse for dallying or delaying. The claimants have been tempted with the hope of payment for just thirty years, and it is time that as big an institution as the United States Government ought to pay its debts or have the courage to boldly and defiantly repudiate them.

There never was a subject presented for the consideration of Congress which has been turned aside and neglected by such gross and unfounded exaggerations. The whole amount of claims growing out of the rebellion ever paid by the Government, including Quartermaster-General, Commissary-General, Southern Claims Commission, and special acts of Congress, does not exceed \$20,000,000. The whole amount of claims not now barred which could by any possibility be allowed by any honest court or by Congress if it would take the time and have the patience to hear would not exceed \$10,000,000 more, exclusive of cotton claims, which stand on a different basis.

Why, therefore, when you are proposing and likely to make a gift of \$180,000,000 to soulless corporations such as the Pacific railroads; when you are seriously discussing the donation of \$100,000,000 to the Nicaragua Canal; when scores of other appropriations running into millions are being made from year to year, why will this great sovereign, the embodiment of the supreme power of the richest and greatest Government the world has ever seen, not "show an equitable regard for the sufferers" whose property it has taken and when "the situation of our affairs will admit it?" In the language of Vattel, "There are debts which are considered as sacred by the man who knows his duty, although they do not afford any ground for an action against him."

APPENDIX.

Acts to pay for houses and buildings belonging to private citizens damaged or destroyed by orders of officers or agents of the Government, and also for those damaged or destroyed by the enemy in time of war, as will appear in volume 6, Statutes at Large:

Act of April 16, 1890, to pay the Rhode Island College for the use and injuries to buildings by United States troops from December 10, 1776, to April 20, 1780. (Page 40.)

Act of February 2, 1815, to pay William Robinson and nine others for damage done to their property by United States troops. (Page 146.)

Act of February 27, 1815, to pay Jacob Shinnick and four others for the destruction of ropewalks and other property therein deposited, at Baltimore, by United States authorities. (Page 150.)

Act of February 27, 1815, to pay William H. Washington for a house at the Potomac bridge destroyed by order of a United States officer, 1814. (Page 151.)

Act of March 3, 1815, to pay the Eastern Branch Bridge Company for damage done to the bridge by order of the Navy Department, 1814. (Page 152.)

Act of March 3, 1815, to pay the Anacostis Bridge Company for the destruction of their bridge, by order of the military, in 1814. (Page 153.)

Act of March 3, 1815, to pay Thomas Sprigg for the destruction of his hempen yarn in the ropewalks near Baltimore, by order of General Foreman. (Page 153.)

Act of March 3, 1815, to pay mechanics and others employed at the Washington Navy-Yard for the destruction of their property burnt by the British in 1814. (Page 155.)

Act of March 3, 1815, to pay James Savage and twenty others for the destruction of their houses and property at Plattsburg, N. Y., in 1814, by order of General Macomb. (Page 155.)

Act of April 24, 1816, to pay William Flood for property destroyed by the British at New Orleans in 1815. (Page 163.)

Act of April 26, 1816, to pay Clinton County, N. Y., for a court-house destroyed by order of General Macomb in 1814. (Page 164.)

Act of April 26, 1816, to pay Hamilton County, Ohio, for the destruction by fire of the court-house while occupied by United States troops. (See 3 Stat. at L., page 306.)

Act of April 26, 1816, to pay the Washington Bridge Company for injury to their bridge, by order of United States officers, in 1814. (Page 163.)

Act of April 27, 1816, to pay Samuel Manac for his property destroyed by hostile Creeks in late war. (Page 171.)

Act of April 27, 1816, to pay the estate of John Ross for the occupation of his farm and destruction of his buildings by United States troops at Point Petre, Ga., war of 1812. (Page 173.)

Act of March 1, 1817, to pay the estate of Ignace C. Delino and others for their property destroyed near New Orleans by order of General Jackson. (Page 168.)

Act of March 3, 1817, to pay Madame Montrial for injury to her property, by order of General Jackson. (Page 187.)

Act of March 3, 1817, to pay Peter Casland for the destruction of his sawmill and other property, by order of General Morgan. (Page 188.)

Act of March 3, 1817, to pay the friendly Creek Indians \$85,000 for their property destroyed by hostile Creeks in war of 1812. (Page 191.)

Act of March 3, 1817, to pay Joseph L. Green for damage done to his house at Plattsburg, N. Y., in 1814, by order of General Macomb. (Page 193.)

Act of March 3, 1817, to pay Caleb Nicholls for damage done to his house and store, by order of General Macomb, at Plattsburg, N. Y., in 1814. (Page 194.)

Act of March 3, 1817, to pay James H. Boisgervais for the destruction of his sawmill and property, near New Orleans, by order of Gen. David B. Morgan. (Page 195.)

Act of March 3, 1817, to pay William Oliver for the destruction of his house, by order of the officer who commanded at Fort Wayne, in 1812. (Page 196.)

Act of April 11, 1818, to pay Sarah Dewees and others \$8,000 for property taken for public use in war. (Page 207.)

Act of April 18, 1818, to pay Thomas Miller and Stephen Baker, of New York City, \$3,500 for the value of a house burned in Greenwich, N. Y., while rented and occupied by United States troops. (Page 209.)

Act of April 20, 1818, to pay Samuel F. Hooker, of Sacketts Harbor, N. Y., for property taken for public use, and for a house and barn destroyed by the enemy at Cape St. Vincent. (Page 211.)

Act of January 19, 1819, to pay Mottram Ball, of Northumberland County, Va., \$1,400 for the destruction of his buildings on old Court-House Point. (Page 217.)

Act of February 16, 1819, to pay Daniel Reuner and N. H. Heath \$19,808.60 for cordage, spun yarn, and hemp burned in their ropewalk, in August, 1814. (Page 221.)

Act of March 3, 1819, to pay Michael Hogan, of Utica, N. Y., \$1,100 for damage done to his house by United States troops. (Page 231.)

Act of December 20, 1820, to pay Elias Parks, of Oswego, N. Y., for goods destroyed by the British in 1814. (Page 254.)

Act of March 2, 1821, to pay Rosalie P. Dealonde \$2,227 for damage done to her house and plantation by United States troops, near New Orleans, in 1814. (Page 258.)

Act of March 2, 1821, to pay John Rodriguez \$1,857 for injuries to his buildings and plantation while occupied by United States troops in 1814, near New Orleans. (Page 259.)

Act of March 2, 1821, to pay Francis B. Languille \$2,250 for injury to his buildings while occupied by United States troops in 1814, near New Orleans. (Page 259.)

Act of March 2, 1821, to pay Alexander Milne \$2,500 for the destruction of buildings and other property by the United States troops at New Orleans in 1814. (Page 259.)

Act of March 2, 1821, to pay Lewis H. Guerlain, of Louisiana, \$480 for injury to his plantation and buildings by United States troops in 1814. (Page 259.)

Act of March 2, 1821, to pay Joseph McNeil \$700 for injuries sustained during the invasion of the British of New Orleans in 1814. (Page 259.)

Act of March 2, 1821, to pay Bartholomew Duverge, of New Orleans, \$2,100 for use and destruction of property by United States troops in 1814. (Page 260.)

Act of March 2, 1821, to pay Pierre Dennis de la Roudie \$5,770.50 for injury to his plantation and buildings while occupied by United States troops in 1814, near New Orleans. (Page 260.)

Act of April 17, 1822, to pay John Anderson, of Michigan, \$1,300 for his house destroyed by fire in 1813 while occupied by United States troops without his consent. (Page 264.)

Act of May 1, 1822, to pay James May \$1,800, and the legal representatives of William Macomb \$2,900, both of Detroit, for injuries done to their farms by United States troops during the war of 1812. (Page 266.)

Act of May 7, 1822, to pay William Henderson \$2,765 for property destroyed by the British, at Mundays Point, Va., war 1812. (Page 268.)

Act of May 7, 1822, to pay Edward McCarty's estate \$2,940 for property destroyed during the invasion of Louisiana in 1814. (Page 270.)

Act of May 7, 1822, to pay the legal representatives of Joseph Hodgson, of Washington, D. C., for the value of a dwelling house destroyed by fire in 1800, while rented and occupied by the Secretary of War. (Page 273.)

Act of May 7, 1822, to pay Solomon Provost, of Louisiana, \$1,966 for losses by British invasion in 1814. (Page 273.)

Act of May 7, 1822, to pay Thomas Shields, of Louisiana, \$1,663.10 for property burned by order of Lieutenant Jones, United States Navy, at Bay St. Louis, in 1814. (Page 274.)

Act of May 7, 1822, to pay Matthew McNair, of Michigan, \$3,000 for a boat destroyed by order of the commanding officer at French Mills, Mich. (Page 276.)

Act of May 7, 1822, to pay John Pellet, of Louisiana, \$3,844 for the destruction of his buildings and other property during the invasion of 1814. (Page 277.)

Act of March 8, 1823, to pay Edward Evat \$1,338.81 for his house burnt while occupied by United States troops. (Page 281.)

Act of March 3, 1823, to pay Eleanor Lawrence \$1,070 for damages to her farm on Long Island, N. Y., by occupation of United States troops in 1813. (Page 282.)

Act of March 3, 1823, to pay Samuel Walker \$175, Joseph L. Dutton \$450, John Martin and others \$175, for injuries done to their lands near Marcus Hook, on the Delaware River, in 1814, by erecting defensive works thereon. (Page 284.)

Act of May 17, 1824, to pay the estate of Samuel Mims \$1,800 for buildings destroyed by hostile Indians at Fort Misus, Ohio, in 1813. (Page 300.)

Act of May 17, 1824, to pay William T. Nimmo \$500 for the destruction of a house in Princess Anne County, Va., by the British in 1813. (Page 300.)

Act of May 17, 1824, to pay David Cooper \$90 for an unfinished house pulled down and converted into a barrack. (Page 301.)

Act of May 18, 1824, to pay Lemuel Arms \$150 for the destruction of a building at Sacketts Harbor, N. Y., by United States troops in January, 1814. (Page 304.)

Act of May 25, 1824, to pay Alexander McNair, of Missouri, \$2,000 for his house burnt near Fort Massack, while occupied by United States troops. (Page 314.)

Act of March 3, 1825, to pay Joseph Doset and Antoine Bourgond \$400 for destruction of their property at River Raisin, Mich., in 1812, by order of Col. John Anderson. (Page 323.)

Act of March 3, 1825, to pay Sarah Shillito \$960 for her house destroyed in 1813, while occupied by United States troops. (Page 325.)

Act of March 3, 1825, to pay the legal representatives of John Guest for a frame house and brick office burnt by the British at Havre de Grace in 1813. (Page 400.)

Act of January 30, 1830, to pay Joel Byington \$282.16 for damage done to his house and barn by United States troops. (Page 403.)

Act of February 11, 1830, to pay Joseph Dixon \$50 for damage to his lot on Dixons Point, Maine, by taking soil therefrom to erect fortifications. (Page 404.)

Act of February 11, 1830, to pay the churchwardens of Elizabeth City, Va.,

\$130.50 for recasting a bell broken during the war of 1812 while used as an alarm by the commanding officer at that place. (Page 404.)

Act of February 11, 1830, to pay Peter Ford \$133 for oxen lost on retreat from River Raisin. (Page 405.)

Act of April 7, 1830, to pay Jean Baptiste Centure \$2,000 for house, store, stable, and other buildings at Frenchtown, Mich., destroyed by the British and Indians in 1813 while occupied by the United States troops. (Page 411.)

Act of April 7, 1830, to pay John Rodriguez \$883 for injury to his plantation by erecting earthworks thereon. (Page 412.)

Act of April 7, 1830, to pay Hubert La Croix, of Michigan, for the destruction of his house at Frenchtown, in 1813, by the British and Indians. (Page 412.)

Act of May 20, 1830, to pay the heirs of the widow Dupre \$8,965 for the destruction and damage of her buildings near New Orleans, by the United States military forces under General Jackson in 1815. (Page 438.)

Act of May 31, 1830, to pay Jean Baptiste Jerome for a barn burned by order of an American officer at Frenchtown, Mich., to prevent its use as a cover for the British and Indians in 1813. (Page 448.)

Act of May 31, 1830, to pay Gabriel Godfrey for the destruction of his barn and other property by order of an American officer at Frenchtown, Mich., to prevent its use as a cover by the British and Indians in 1813. (Page 450.)

Act of March 3, 1831, to pay Benjamin S. Smoot, of Alabama, \$1,000 for a house destroyed by order of a United States officer to prevent its being a shelter for the British in their attack upon Fort Bowyer 1814. (Page 468.)

Act of May 2, 1832, to pay Pericia Tupper \$450 for a barn destroyed by the British near Buffalo, N. Y., in the war of 1812. (Page 478.)

Act of July 14, 1832, to pay Silvia Posner for a house and other buildings burned in the war of 1812 while occupied by United States troops. (Page 513.)

Act of July 14, 1832, to pay Samuel May, of Buffalo, N. Y., \$3,150 for the destruction of two warehouses by the British in 1813. (Page 518.)

Act of July, 1832, to pay John Brunson for the value of a house and store destroyed by the British at Buffalo, N. Y. (Page 518.)

Act of July 14, 1832, to pay estate of Edward Barry \$568.35 for property destroyed in the burning of the Washington Navy-Yard by the British in 1814. (Page 520.)

Act of July 14, 1832, to pay Augustine Taney for buildings burned by the British near Baltimore, Md., in 1814. (Page 525.)

Act of July 14, 1832, to pay Henry Waller for buildings burned by the British on the eastern shore of Maryland in 1814. (Page 525.)

Act of February 9, 1833, to pay Gabriel Godfrey and Jean Baptiste Beaugrand \$1,030 for a barn, storehouse, and stable burned by the British and Indians at Frenchtown, Mich., in 1813. (Page 534.)

Act of March 2, 1833, to pay the estate of George Hodge \$324.18 for property destroyed in the burning of the Washington Navy-Yard by the British in 1814. (Page 545.)

Act of March 2, 1833, to pay Joshua P. Frothingham \$1,500 for a building burned at Charlestown, Mass., in 1776, by order of General Putnam. (Page 546.)

Act of June 30, 1834, to pay Henry Sewall and Robert Sewall, of St. Marys County, Md., \$10,000 for the property destroyed by the British. (Page 585.)

Act of June 30, 1834, to pay the estate of John Rose \$2,500 for property burned by the British at Washington Navy-Yard. (Page 594.)

Act of March 3, 1835, to pay estate of Aaron Smith, of Champlain, N. Y., \$30 for the destruction of his property by United States troops. (Page 617.)

Act of March 3, 1835, to pay John I. Avery \$300 for occupation of his land and erecting earthworks thereon. (Page 618.)

Act of February 17, 1836, directing payment to James Tilford for property destroyed upon the principles of the acts of April 9, 1818, and March 3, 1817, to pay for property destroyed by the enemy. (Page 622.)

Act of February 17, 1836, to pay to William Baker \$25.30 for the use and damage done to his property at Sacketts Harbor, in 1813, by United States troops. (Page 623.)

Act of February 17, 1836, to pay Jacob B. Gilbert \$800 for a house destroyed by the British on Niagara frontier. (Page 625.)

Act of February 17, 1836, to pay the estate of Thomas Beacham, of Northumberland County, Va., \$600 for a barn burned by the British, war of 1812. (Page 626.)

Act of June 23, 1836, to pay Charles M. Frazier, of St. Leonards, Md., for a house burned by the British in 1814. (Page 642.)

Act of July 1, 1836, to pay the heirs of William Forbes \$2,100 for houses burned by the British at Kinsale, Va., war of 1812. (Page 660.)

Act of July 1, 1836, to pay estate of Michael Fenwick \$5,000 for a dwelling house destroyed by the British, while occupied by United States troops; and to adjust and settle claims for other houses burned by the British. (Page 661.)

Act of July 2, 1836, to pay estate of Nathaniel Canada for a tollhouse and bridge across Niantic River, Connecticut, burned by the British in 1814. (Page 668.)

Act of July 2, 1836, to pay Charles J. Catlett for tobacco destroyed by the British and American troops, in warehouses at Baltimore, Md., in 1814. (Page 673.)

Act of March 3, 1837, to pay David Kilborn, of Oswego, N. Y., \$2,500 for property destroyed, war of 1812. (Page 690.)

Act of February 22, 1838, to pay estate of John McCarty \$1,000 for a house burned by the British at Farnham, Va., in 1814. (Page 703.)

Act of March 7, 1838, to ascertain value of property of Frances Gardener, destroyed by order of the commanding officer at Fort Brooks, Fla. (Page 705.)

Act of March 19, 1838, to pay estate of Benjamin H. Mackall for houses destroyed by the British in 1814 in Maryland. (Page 707.)

Act of March 23, 1838, to pay James I. Pattison, of Calvert County, Md., \$1,200 for house and other property destroyed by the British in 1814. (Page 708.)

Act of April 6, 1838, to pay William Endus \$2,000 for a house burned by the British at Soda, N. Y., in 1813. (Page 710.)

Act of April 20, 1838, to pay Calvert County, Md., \$3,000 for court-house burned by the British in 1814. (Page 711.)

Act of July 7, 1838, to pay Richard Frisby, of Kent County, Md., \$2,000 for property destroyed by the British in 1814. (Page 743.)

Act of March 3, 1839, to pay estate of Michael Fenwick \$7,000 for houses burned by the British in Washington, D. C. (Page 739.)

Act of July 27, 1842, to pay Archibald McCallum of Rouses Point, N. Y., \$960 for a house burned in 1839 while occupied by United States troops. (Page 844.)

Act of August 1, 1842, to pay Sylvester Phelps, and the heirs of Charles Landon, \$2,100 for a house burned at South Hero, Vt., war of 1812, while occupied by United States troops. (Page 848.)

Act of August 28, 1842, in pay John King \$900 for a dwelling house burned by the British in Richmond County, Va., war of 1812. (Page 865.)

Act of August 28, 1842, to pay James Tongue \$1,877.78, John Scrivener \$3,840, and estate of William Hodson \$3,968.30 for buildings destroyed by the British, October, 1814. (Page 866.)

Act of March 1, 1843, to pay William G. Sanders \$900 for a house burned at Fort Brooks, Fla., in 1836, by order of Captain Belton, United States Army, to prevent it being used as a cover by the enemy.

Act of March 3, 1843, to pay Charles Waldron \$1,179.61 for buildings and other property destroyed at Micanopy, Fla., in 1836, by order of the commanding officer, to prevent its falling into the hands of the enemy. (Page 901.)

Appropriations.

SPEECH

OF

HON. D. B. HENDERSON.

OF IOWA,

IN THE SENATE OF THE UNITED STATES,

Monday, March 4, 1895.

The House having under consideration the subject of appropriations—

Mr. HENDERSON of Iowa said:

Mr. SPEAKER: My connection with the Committee on Appropriations commenced with the Forty-ninth Congress, and since that time Samuel J. Randall, J. G. CANNON, W. S. HOLMAN, and JOSEPH D. SAYERS have been chairmen of the committee. All of these gentlemen have been noted for their special championship of economy in appropriations. Judge HOLMAN largely made his reputation as an economist, and enjoyed, I believe, the appellation of "the watchdog of the Treasury." I believe that all of these chairmen have been faithful, untiring, and able in their efforts to keep down the appropriations of the Government to its actual necessities. Some of them have even gone, I think, to an unwise extent in some directions in their efforts to keep down the appropriations of the Government. Let us see what the results of their work have been, and consider the total appropriations of each of the Congresses, commencing with the Forty-ninth:

Total appropriations by the Forty-ninth Congress, 1887 and 1888	\$746,342,495.51
Total appropriations by the Fiftieth Congress, 1889 and 1890	817,963,859.80
Total appropriations by the Fifty-first Congress, 1891 and 1892	988,417,183.34
Total appropriations by the Fifty-second Congress, 1893 and 1894	1,027,104,547.92
Total appropriations by the Fifty-third Congress, 1895 and 1896	990,338,601.04

The foregoing figures have been made by the clerks of the two committees on appropriations of the House and Senate for the respective years indicated, and are not in any way in controversy. Elaborate explanations have been made by both political parties touching these appropriations, but the amounts of the appropriations are not in dispute. It will be seen that thus far we have had but one "billion-dollar Congress," namely, the Fifty-second. The Fifty-first Congress came so near to that figure that the present chairman of the Committee on Appropriations, Hon. JOSEPH D. SAYERS, was pleased to call it "the billion-dollar Congress," notwithstanding the well-known fact that the Fifty-first Congress appropriated \$70,154,846 more than its predecessor, the Fiftieth Congress, for pensions to the Union soldiers, and notwithstanding the further fact that its predecessor, the Fiftieth Congress, made deficiencies amounting to \$38,617,448.96, which the Fifty-first Congress had to provide for.

It now transpires that my honorable friend, Governor SAYERS (and I have already conceded his ability, energy, and I also concede his uncompromising integrity), with all of his efforts at economy, fighting every inch of ground with other committees reporting appropriations, has seen his bills go to the President carrying \$1,921,507.70 more than was carried by the appropriation bills of the Fifty-first Congress, and that, too, in the face of the straitened conditions of the Treasury, which acted as a restraint upon all of the appropriating committees, and operated upon the mind of every member of Congress to keep down the appropriations—a condition which did not exist during the life of the Fifty-first Congress. When we further consider that the appropriation bills that have just been passed carry provisions authorizing contracts to be made involving future appropriations amounting to \$31,686,764 we find his appropriation bills provide for \$23,608,371.70 more than the appropriations by the Fifty-first Congress.

By noting the gradual growth of our appropriation bills, and taking into account the facts just stated, the country must realize the gross injustice of the criticisms made on the Fifty-first Congress, and must awaken to the fact that we have a great and growing country, and that the question is not so much, "What is the amount of the appropriations?" as it is, "Are these appropriations needed?"

I do not present these facts with a view to criticising the work of the Congress just expiring touching appropriations, but to show how far honorable men will go in trying to mislead the people and build up their own party by unjust criticism at the expense of others.

In estimating the work of the Fifty-third Congress in respect to appropriations it is entirely proper to add to the total appropriations the authorized contracts (for they constitute a mortgage

upon the future); and when these are considered, amounting, as above stated, to \$21,686,764, they bring the grand total of the Fifty-third Congress up to \$1,012,025,455.04.

AUTHORIZED CONTRACTS.

The items involved in the foregoing sum are as follows:

50 12-inch mortars	\$325,000
Public buildings	5,260,000
Light-houses	210,000
Revenue cutter, Pacific coast	125,000
Denver mint building	400,000
Rock Island bridge	390,000
Sewers, District of Columbia	261,764
Two new battle ships, six gunboats, and three torpedo boats	9,905,000
Armament for above (about)	4,810,000
Total	21,686,764

APPROPRIATIONS MADE IMMEDIATELY AVAILABLE.

Another feature of the appropriations just made should be noted. While they are for the fiscal year commencing July 1, 1895, and should be expended within that fiscal year, yet the present Congress has made available, to be spent at once, or as fast as possible, the following:

Increase of the Navy	\$4,000,000
Street and road work, District of Columbia	207,000
River and harbor work	11,592,115
Total	15,799,115

All of this will draw from the resources of the country before the beginning of the fiscal year for which these appropriations are made, and this nearly sixteen millions and nearly twenty-two millions of authorized contracts will prove heavy burdens for the incoming Congress, and make very difficult its work in making provision for the necessities of the country for the period that it must provide for.

INCREASE OF OFFICES.

In addition to all of this the Fifty-third Congress has increased the Navy 1,000 enlisted men and added 313 officers and employees to carry out the internal-revenue provision of the Wilson tariff law. So soon as the war was over the Republican party began to reduce the number of officials, removed the direct burdens from our own people, and cut out by the roots the annoyance attending the workings of the internal-revenue laws, especially those which pried into the private affairs of our citizens. The policy of the Fifty-third Congress has reversed all this, and the re-creation of an army of officials and detectives to explore the workings of our own people has been reorganized.

PENSIONS.

The appropriations for pensions in the Fifty-second Congress amounted to	\$335,092,756.85
The pension appropriations by the Fifty-third Congress amounted to	292,963,140.00
A decrease in pension appropriations of	42,129,616.85

Here is where the present Administration and the Fifty-third Congress has been successful in paying some attention to the reduction of our revenues and the terribly straitened condition of the Federal Treasury. Everything else has been generously provided for, swelling the appropriations, giving liberal contracts extending into the future, making appropriations immediately available, but when it comes to pensions a reduction is made of \$42,000,000, made possible by an oppressive system carried on by this Administration, which has brought a reign of terror into the ranks of the crippled soldiers of the Union, their widows and children.

If the pension work had been kept up since March 4, 1893, by this Administration as it had been previously done by President Harrison, the appropriations would have amounted to \$1,054,155,071.89, or the heaviest appropriations ever made by the American Congress. They have barely escaped, in the appropriations actually made, without reference to authorized contracts, touching the billion limit by cutting down the pension appropriation \$42,000,000. It appears from the statement of expenditures given out by the Treasury Department that the payment for pensions for 1893 was \$159,357,537.87; the amount expended for 1894 was \$141,177,284.96, being a reduction in one year of \$18,180,272.91; and the slaughter of the soldiers' pensions still goes cruelly on.

I can not but thus comment upon a policy which in times of great financial stringency is liberal in appropriations, and contracts for appropriations, and making millions of dollars available before the beginning of the fiscal year for which we are appropriating, and at the same time cuts down the appropriations for the defenders of our country \$42,129,616.85.

AMOUNT PAID FOR BOUNTY ON SUGAR.

It is contended that the appropriation made of \$5,238,000 for sugar bounty should be considered in making allowance for the large appropriations for the next fiscal year. My reply to this is, "Why was it done?" The Democratic party made the law that cut off this bounty to protect the sugar industries of the country at the same time that they removed protection from our laboring men and our farmers and every great American industry. This Congress has thought proper to pay this vast bounty to a Southern interest that has suffered, while giving no remedy to others who have suffered from the provisions of the cruel tariff law which this Congress has enacted.

But the \$5,000,000 is not a sufficient explanation, as will be seen when we consider the amount paid for bounty during the fiscal year 1894, which amounted to \$12,100,208.89, being seven millions, in round numbers, more than the amount included in the present appropriation bills.

COMPLETE SUMMARY OF THE APPROPRIATIONS OF THE FIFTY-THIRD CONGRESS.

The amount given above as the appropriations by the Fifty-third Congress was \$990,338,691.04; but since these tables were arranged the Government has negotiated a loan for \$62,315,000, drawing 4 per cent, which would increase the permanent annual appropriations \$2,492,600. This amount is not included in the permanent appropriations forming a basis for a total of the Fifty-third Congress. The permanent appropriation, as given, is \$113,073,956.32. To this should be added the \$2,492,600, the annual interest charged on the last loan negotiated, which would bring the permanent annual appropriations to \$115,566,556.32, and increase the appropriations of the Fifty-third Congress that amount, making the total \$992,831,291.04.

For details of appropriations for the Fifty-second and Fifty-third Congresses see Exhibit A, following my remarks.

INSUFFICIENT APPROPRIATIONS.

In several matters the appropriations are insufficient, and deficiencies will be absolutely forced upon the next Congress. For the United States courts there is appropriated at least \$2,500,000 less than is needed, and the appropriations for the Government Printing Office are \$500,000 less than needed. Then there is no provision made in the pension appropriations for the increase of all pensions below \$6 up to \$6. This alone will cost not less than \$1,500,000, which is not at all provided for. Here is a total of \$4,500,000, which we know must be met by the next Congress because the present Congress has not given a sufficient amount.

If this Congress had done its duty, and added that amount, it would have brought the total appropriations up to \$997,331,291.04.

THE UNITED STATES SENATE.

I can not pass from the question of appropriations without a reference to the old song that was so constantly sung in the House about the increases made in appropriations "by a Republican Senate." The Senate is no longer Republican, but is absolutely in the hands of the Democracy, and that body, at this session of this Congress, increased the House bills \$19,170,136.04. I doubt if anything in the history of the Government has equaled the increases made by the Senate at this session of Congress. It would be in order for our friends in the House to say something about the increases "by the House of Lords."

RECAPITULATION.

A fair statement, therefore, and a conservative one, as to the appropriations by this Congress would put it as follows:

Actual appropriations	\$990,338,691.04
Increase, annual interest charge not included in above	2,492,600.00
Insufficient appropriations for United States courts, Government Printing Office, and new pension provision	4,500,000.00
Authorized contracts	21,686,764.00
Total	1,019,018,055.04

THE FIFTY-THIRD CONGRESS AND THE PRESENT ADMINISTRATION.

What have they done to commend themselves to the confidence or gratitude of the American people?

I believe that all parties throughout the entire country will agree that never in the history of the Government has an Administration and a Congress so utterly failed to meet the requirements, the expectations, and the necessities of the American people as has this Administration and the Congress that dies to-day.

This Congress will retire from the field of action with the hearty approval of everybody.

THE TARIFF.

The Wilson tariff law has proved disastrous to every interest in this country. It destroyed our revenues to such an extent that

during the fiscal year ending June 30, 1894, our expenditures exceeded our revenues \$69,803,260.58, as confessed by the Administration in its official reports. It transferred the burdens of Federal taxation from the shoulders of importers and foreigners desiring to enjoy our rich markets largely to the shoulders of our own people, inaugurating an internal system of taxation which the past did not justify excepting in time of war. Our suffering people do not need to be told what it has cost us in the absolute paralysis of business which resulted from the passage of that pernicious law. The history of that legislation is written on the tables of the poor and in all the homes of the people.

PUBLIC DEBT.

While President Harrison from March 1, 1889, to March 1, 1893, secured a net reduction of the public debt of \$236,527,666.10, this Administration has issued new ten-year 5 per cent bonds amounting to \$100,000,000, and \$62,315,000 thirty-year gold bonds drawing 4 per cent interest. This increases the annual interest charged upon the Government \$7,472,600, and in times of peace, with a country abundantly able to raise revenue to pay off our debt, has put a new mortgage upon our people amounting to \$162,315,000.

We can not pass this theme without noting the startling character of the transactions connected with the sale of the \$62,315,000 of gold bonds. We are told by the Treasury Department that they sold for a little below 5 per cent premium. We know, however, that such bonds at the time were worth at least 19½ per cent premium. Giving credit for 5 per cent there was 14½ per cent which this Government threw away or gave as a bonus to someone, an actual gift of \$9,015,675 taken from the pockets of the people and given to a moneyed syndicate, and in doing this discriminating against all our other bonded debt and thus injuring our public credit far more than any temporary benefit that can possibly come from the transaction.

ELECTION LAWS.

About the only thing done by this Congress in addition to passing its obnoxious tariff law was the prompt repeal of the Federal election laws, removing the last vestige of protection to the Federal ballot in this country. And remember it was not the abused Lodge bill that was repealed (for that had never been enacted), but the simple legislation which existed when this Congress met, wholly free from oppression and looking only to the purity of elections for President, Vice-President, and members of Congress, was wholly swept away.

ARBITRATION.

Much has been said by the Democratic party of its friendship for arbitration. Just five days before this Congress dies an arbitration bill was given a special rule for consideration in the House, and it was passed, when it was absolutely certain that every hour would be needed by the Senate to pass the appropriation bills, and that the enactment into law of an arbitration bill was simply an impossibility. It was like labor asking for bread and receiving a stone. It was an insult to the intelligence of our people. Here was a Congress having three sessions, two regular and one extra one, with plenty of time upon its hands, and doing literally nothing, yet it could not give to this question sufficient time to have it considered and passed by both Houses.

THE FINANCES.

No record of any Congress has been so disastrous and full of such complete failure as has been the proceedings of this Congress in trying to secure financial legislation. A special session was called by the President for the sole purpose of repealing the purchasing clause of the Sherman Act of 1890. We were told that with the repeal of that clause good times would be restored, and the terrible condition into which the country had been thrown would be removed. For one, I did not expect it, and in my discussion of the financial proposition I said that I doubted its having any good effect so long as the threat was maintained against the protective policy of the country.

We were assured that if we would help to repeal the purchasing clause of the Sherman Act that when we reassembled for the long session some general legislation would be had for the increase of our circulation and for the recognition of both silver and gold. That clause was repealed, and absolutely nothing has been done to increase the circulation of the currency, and no good results have followed the repeal. Every promise of the President and his party in respect to that repeal has failed of fulfillment, and every attempt to secure any legislation for the reorganization of our financial system was an utter failure, and the propositions were so absurd that they deserved failure.

FOREIGN RELATIONS.

In the midst of our distress, of the suspension of business, of the throwing of hundreds of thousands of laboring men out of employment, of increasing the public debt, increasing appropriations, running expenditures far in excess of revenues, we have been mortified beyond words for description by a weak, cowardly, un-

American foreign policy that has not failed to bring the blush of shame to the face of every true American citizen, whether Republican or Democrat.

As we review the work of this Administration and of this Congress, we can not but feel that the voice of the people, as heard

at the polls in November last, will continue to be heard until a party inspired with American ideas, imbued with the love of American interests, will be restored to power, and bring back to our people the good times to which they have been accustomed and which they deserve.

EXHIBIT A.—Comparative statement of appropriations made by the Fifty-first, Fifty-second, and Fifty-third Congresses, fiscal years 1891 to 1896, inclusive.

Title.	Fifty-first Congress.		Fifty-second Congress.		Fifty-third Congress.	
	First session, 1891.	Second session, 1892.	First session, 1893.	Second session, 1894.	Extra and first regular sessions, 1895.	Third session, 1896.
Agricultural	\$1,790,100.00	\$3,028,153.50	\$3,223,905.50	\$3,223,500.00	\$3,223,623.06	\$3,303,750.00
Army	24,206,471.79	24,613,529.19	24,306,439.82	24,225,639.78	23,592,884.82	23,232,008.00
Diplomatic and consular	1,710,815.00	1,656,925.00	1,604,045.00	1,557,445.00	1,563,918.70	1,575,073.94
District of Columbia	5,769,544.15	5,597,125.17	5,317,973.27	5,413,223.91	5,545,678.57	5,745,643.25
Fortifications	4,232,995.00	3,774,803.00	2,734,276.00	2,210,035.00	2,427,004.00	1,904,557.50
Indian	7,262,016.02	16,386,284.86	7,664,047.84	7,854,240.38	10,659,565.16	8,973,943.01
Legislative, etc.	21,030,752.75	22,027,674.75	21,900,132.97	21,865,802.81	21,305,563.29	21,893,222.48
Military Academy	435,296.11	402,064.64	428,917.33	432,556.12	406,535.08	404,281.06
Navy	24,136,035.53	31,541,654.73	23,543,335.00	22,104,091.38	25,327,126.72	29,716,077.31
Pensions, including deficiencies*	123,773,868.35	104,550,363.34	154,411,682.00	190,681,074.85	151,551,570.00	141,281,570.00
Post-Office	72,236,696.90	77,907,222.61	80,331,276.78	84,004,314.22	87,236,590.55	89,545,967.88
River and harbor	25,136,295.00	21,154,218.00	21,154,218.00	21,154,218.00	11,043,180.00	47,128,360.40
Sundry civil	20,703,232.22	37,410,362.90	37,065,076.00	41,716,911.15	34,223,773.55	39,545,967.88
Deficiencies	13,236,541.61	9,364,148.02	3,230,859.50	5,127,361.51	11,811,004.06	9,738,979.19
Total	354,759,152.52	398,230,333.45	332,527,335.89	400,515,586.11	390,578,048.48	394,634,049.60
Miscellaneous	7,010,905.27	4,271,531.10	3,206,922.82	520,499.18	577,956.55	400,000.00
Total regular annual appropriations	361,770,057.79	402,501,864.55	335,736,308.71	404,036,085.29	391,156,005.03	395,034,049.60
Permanent annual appropriations†	101,628,453.00	122,486,808.00	121,863,880.00	115,468,273.92	101,074,680.00	113,073,956.32
Total	463,398,510.79	525,018,672.55	507,600,188.71	519,504,359.21	492,230,685.03	508,108,006.01
Total Fifty-first, Fifty-second, and Fifty-third Congresses	\$988,417,183.94		\$1,067,104,547.92		\$990,328,691.04	

* Deficiencies included as follows: 1891, on account of 1890, \$25,321,907.25; 1892, on account of 1891, \$29,335,598.34; 1893, on account of 1892, \$7,674,832; 1894, on account of 1893, \$14,149,724.85.

† This is the amount originally submitted to Congresses by the Secretary of the Treasury as estimated to be necessary under permanent specific and permanent indefinite appropriation.

‡ To this should be added \$2,492,000 annual interest charge on the \$62,315,000 gold-bond loan.

§ With the annual interest charge added for the gold-bond loan the total is \$992,831,291.04.

The Late Senator Stockbridge.

REMARKS OF HON. D. D. AITKEN, OF MICHIGAN, IN THE HOUSE OF REPRESENTATIVES, Thursday, February 21, 1895.

The House, having under consideration the resolutions paying tribute to the Hon. Francis B. Stockbridge, late a Senator from the State of Michigan—

Mr. AITKEN said:

Mr. SPEAKER: The official records which originate in the proceedings on brief occasions like this, when a pause is made for a time to render honor to the distinguished dead of the Republic, have come to make up what may indeed be called a voluminous mass of memorial literature. If all these records of loving words and tender tribute, dating back to the formative period of the country and probably now scattered through many places at the seat of Government, could be gathered into one depository, one classified aggregation of regretful volumes, there would be formed a national library of sorrow around which the greatest interest might center—a Plutarchian collection in which, including the lives of chiefs of the State as well as of those who have in humbler capacity been useful to their country, would be found curious facts in biographical data, recorded triumphs won by determination over strange and peculiarly unfavorable combinations of adverse circumstances, loving tributes on characteristics which have won human affection as well as admiration, stirring eulogies on shining deeds which inspire to patriotism.

Seldom, however, in the whole long list of occasions preceding this which have given rise to this mass of memorial literature, have those attractive, those ever-fascinating human qualities—implicit loyalty to friends, warm-hearted generosity, and manly sturdiness—deserved more truly, more justly the tribute of discriminating praise than to-day. These are the qualities which I as a boy at the fireside heard attributed to the dead Colonel Stockbridge. That which as a boy I knew but in imperfection I came to know with the more perfect knowledge of personal association and positive conviction as a man.

These are the qualities of which I would more especially speak as I add to other and probably more adequate estimates of his character and services these few poor words which, as a friend, I can not refrain from speaking while the consideration of resolu-

tions in his memory remains the pending business before the House.

The detailed secret history of political events of the greatest magnitude and significance in the State he represented would show, Mr. Speaker, that Senator Stockbridge's loyalty to his friends extended even to the point of his own self-sacrifice, and no man in political life can do more, in honor, than to sacrifice for his friends his own prospects for the very highest preferment, and throw away the opportunity which is rarely again ever presented. Fortunately, in the Senator's case, the opportunity supposed to be forever lost came in lapse of time and he was the recipient of the most flattering evidence of favor within the power of his people to bestow. It is, perhaps, known to but few that the declination of golden opportunity in the original instance was due to a refusal to assume a position in which a subsequent suspicion, even, of disloyalty to a friend might attach to his actions. In the reciprocal operation of the affections one of the most eloquent evidences of his own careful observance of the claims of friendship was the great personal following which he possessed, bound to him by bonds of steel, in his own State, and which, in its long list of devoted friends and acquaintances personally and intimately known to him, was perhaps the largest possessed by any man in Michigan at the time of his death.

His helpfulness to others shows the generosity of his character even more strikingly than do the benevolences and endowments to deserving institutions which exist as monuments to his memory among his former constituents. His interest in young men of merit and industry was great, and in very many cities of his State are successful citizens who to-day credit much of what they have attained to his advice and to other aid of a more practical and substantial character. The number of instances in which he has been quietly but effectively helpful to others who had to contend with unfavorable surroundings in beginning their life work will never be known.

Among instances within my own personal knowledge, is one which was brought to my attention as late as during the present week and which produced a deep and lasting impression because of the unusual and heretofore unsuspected circumstances connected with the incident. Its narrator describes the bluff colonel's entrance into a law office in the city of Grand Rapids some years ago. There, as it chanced, he found alone a forlorn young student of whose situation, sharing precociously in the burdens of his straitened parents' condition, a pathetic little picture was drawn. The office boy wept, while the colonel, although not unsympathetic, laughed. When the story of his parents' distress had after a time been drawn from the lad, the colonel afforded the encouragement of hearty, stimulating words. He did more on

leaving. Without a hint or suggestion from the lad to prompt such a course, he slipped into the hands of his new-found chance acquaintance that which tearful, wondering eyes presently discerned as the still more substantial encouragement of a \$300 check, a fortune for one of the boy's age.

The ambitious law student who was the recipient of this most unexpected but most kindly assistance long ago demonstrated the soundness of the donor's judgment by attaining through industry a station in life in which the repayment of the extraordinary loan became possible. To-day, as the Congressman-elect from the second city of Michigan, this former office boy looks back on this act of exceptional character as a bright something in one of the most critical periods of his life's history and one from which results of the greatest importance proceeded.

Trifling as this incident, briefly narrated in this place, far from the scene of its occurrence, may seem in some of its details, I have not forbore to make reference to it as a specific instance illustrating, as mere generalization could not, traits of manliness and generosity which have caused thousands of hearts to warm toward that winning personality which has gone from the midst of those who mourn his departure. Aside from these more engaging qualities of amiability, he was a man of great force of character, with an energy and industry of his own which could but have made him and did make him a more than ordinarily successful American. Although he did not have the advantages of a liberal scholastic education, all who knew him will concede to him liberality of views. Those intimately associated with him found, too, a refinement of taste in art and literature which others might not have suspected, and outside of the State metropolis he was undoubtedly the most liberal patron of art in Michigan, his home being filled with art treasures from the brush and chisel of famous artists.

He was born in the most northerly of the five New England States, and passed his manhood in the State with the most northerly extent of the five created by the famous ordinance of 1787. The contribution which the present Congress will make to the voluminous in memoriam literature of the past of which I have spoken will be a lamentably large one. In this further contribution, soon to be made, let Senator Stockbridge be put down as one who had the typical merits of men of the Northland and was a man to tie to in his lifetime.

Pensions.

SPEECH

OF

HON. GEORGE W. COOPER,

OF INDIANA.

IN THE HOUSE OF REPRESENTATIVES.

Monday, December 18, 1893.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 4763) making appropriations to supply further urgent deficiencies in the appropriations for the fiscal year ending June 30, 1894, and for prior years, and for other purposes—

Mr. COOPER of Indiana said:

Mr. CHAIRMAN: Having determined to cast my vote for the appropriation to provide for these special examiners, I desire to avail myself of the privilege of putting in the RECORD the reasons that control my action, and also of correcting, if I am able to do so, some erroneous impressions which I think prevail with reference to the purpose here sought.

The gentleman who has just taken his seat [Mr. DINGLEY] has made, as I conceive, a very fair and dispassionate statement of the question, except, as it seems to me, that he has fallen into error with reference to the purpose for which the Commissioner desires to have this appropriation and to continue this class of investigation.

There seems to be a purpose to somehow connect this request for these special examinations with the construction placed upon the law of June 27, 1890, and the consequent dropping of pensioners from the rolls as a result of the change in the construction of that law by the present officer. I wish to state, Mr. Chairman, that this proposition has not the slightest connection whatever with the other. The pensioners dropped from the rolls by the methods and in the manner mentioned by the gentleman who has just taken his seat were not dropped in pursuance of a special examination. There was no special examination in any of those cases. They were dropped because there was no law which authorized their retention upon the roll.

This is not a new field of discussion. I wish to call to the attention of the House the decisions of the Department of the Interior in appealed cases from the Pension Office, which I hold in my hand.

Secretary Noble, as far back as August 3, 1892, placed the same construction upon the law of June 27, 1890, that is now held by the Bureau. I think that decision is in more explicit language and is more clearly and forcibly stated than any of the decisions upon the subject. I beg the indulgence of the House while I read one or two paragraphs from that decision. On page 18, volume 6, of the decisions referred to I find the following:

The appellant overlooks one of the conditions essential to the allowance of pension under the act of June 27, 1890. The old law provides for everyone "disabled" while in the military or naval service of the United States and in the line of duty, no matter how slight the disability may be.

The act of June 27, 1890, on the other hand, relieves applicants from the necessity of proving that their disabilities originated in the service, but limits its benefits to such as are suffering from any mental or physical disability of a permanent character which incapacitates them for manual labor in such a degree as to render them unable to earn a support.

Any disease or injury which constitutes a hindrance in the performance of manual labor, or in any respect lessens one's ability or power to labor, or causes such labor to be attended with pain or inconvenience, may properly be called a "disability." But it is manifest that there may be a disability for manual labor which shall yet not cause inability to earn a support. For example, the loss of a part of one finger may render a man slightly less expert in the use of some tool, without in any material degree lessening his ability to earn a livelihood. A varicocele, or small hernia, may cause him some inconvenience and pain at times, but not sufficient to cause him to quit work or to diminish his wage-earning capacity. He is entitled to pension for such disabilities under the old law, but not under the new.

Now, that decision gave no express direction in terms to the Bureau of Pensions and no attention was paid to it. I do not say that it was ignored by the Bureau on account of the approaching Presidential election; but it is true that the Commissioner failed to comply with and continued to disregard it. Subsequently, after the election in January, 1893, Secretary Noble rendered a further decision in the well-known Weike case; and in this case he expressly directed that the office obey and follow out the interpretation given to the law by the Secretary. I quote from page 194 of this decision, which was rendered in January under the former Administration:

It is directed that the views herein expressed be observed in future adjudications of claims under the act of June 27, 1890.

And, then again, in another case, that of Patrick Carroll, on February 1, the same interpretation was put upon that law. So there are three explicit, clear, and strong interpretations of this law made by the preceding Administration, before the present Commissioner or the present Administration, in any branch of it, came into office, all of which are in the line followed by the present Administration.

I was not fortunate enough to be present in the House on Saturday, when this discussion began; and I am very sorry I did not hear what was said by the gentleman in charge of the bill on the other side of the House, because I have heard some statements imputed to him which I think are clearly erroneous, and I wish to call his attention to them. I looked at the RECORD to see if his speech was printed, but I found that it is withheld for revision. I refer to the gentleman from Illinois [Mr. CANNON]. I find, however, that the gentleman is quoted in the Philadelphia Press of yesterday as having said this:

But in May, 1893, with William Lochren, Commissioner of Pensions, Hoke Smith, Secretary of the Interior, and Grover Cleveland, President of the United States, the Pension Office made haste to revoke this order No. 164, thus cutting off about 400,000 pensioners, and had thus committed an act which was akin to a crime.

I will now yield to the gentleman to state whether that is correct.

Mr. CANNON of Illinois. There is only one error in that matter. Instead of saying that, that it had cut off that number, I said that it had resulted in "placing in jeopardy" the claims that had been allowed under the act of 1890.

Mr. COOPER of Indiana. Well, Mr. Chairman, that makes a very material difference. I am glad that the gentleman puts himself so much further within the pales of truth, or so much within the reach of truth, as compared with the statement in the newspaper.

Mr. CANNON of Illinois. I will also say to my friend that none of the speeches delivered on Saturday are in the RECORD. Mine will be to-morrow morning; and I have stated to him substantially what I did say. I am not responsible for what appeared in the newspaper.

Mr. COOPER of Indiana. Then I understand the gentleman to say that there are 300,000 or 400,000 claims jeopardized.

Mr. CANNON of Illinois. In round numbers.

Mr. COOPER of Indiana. The facts about that, Mr. Chairman, I am able to state, as I have just procured them from the Pension Office, and the figures that I give are good up to last Saturday evening. The total number of cases suspended up to and covering December 16, 1893, were 2,488; of these there were resumed 357, reduced 529, and there were dropped, instead of 400,000, and I accepting the gentleman's correction of the newspaper statement, there were dropped 673. And I wish to add in this same connection [Mr. CANNON of Illinois rose]—I will yield to the gentleman in one moment—that they were not dropped by reason of the operation of the special examination division, but dropped by reason of a construction which all the Departments of the Gov-

ernment of this Administration and the other having any relation to the subject whatever have said to be clearly the law prevailing.

Mr. CANNON of Illinois. Now, if the gentleman will allow me. If he will read the report of the committee he will find that the Commissioner of Pensions stated that he had a force of 50 men at work on the claims that had been allowed under the act of June 27, 1890; that they had examined between 30,000 and 40,000 cases, and he then goes on and states how many had been arbitrarily suspended and how far they had gone; so that when I made my remark I said that under this construction that had been placed on the act of June 27, 1890, this number I had mentioned had been placed in jeopardy.

Mr. COOPER of Indiana. I do not question the sincerity of the gentleman, but I must be permitted to say that we who have had any opportunity to investigate the working of the Pension Bureau know that no large percentage of the claims under the law of June 27, 1890, could be affected.

There certainly must be a very small number. The gentleman can see there would be nothing like 400,000 of such people.

Now, I must not be detained longer on this branch of the subject. I wish to correct a misapprehension that went abroad on account of the statement of the gentleman, because he understands that the Bureau had placed so many claims in jeopardy, while he says that he did not use the language imputed to him by the newspaper, that 400,000 cases had been dropped. I agree with the distinguished gentleman from Massachusetts that the circulation of such a report would go very far to upset the confidence of the people in the patriotism of the Administration. It is unjust to the pensioner, it is cruel in the extreme, that such charges should be sent to the country to terrorize the pensioner, and it is unworthy a member of Congress that such efforts should be made to control his political convictions.

There is another misapprehension, and I say it in all kindness to the gentleman; and the distinguished gentleman from Maine [Mr. DINGLEY] has fallen into the same error.

I understood the gentleman to make some criticism upon the work of the Bureau at present upon the ground that it is not issuing as many certificates per month as were issued under the former Administration. That is not fair when you consider the circumstances. In the first place, as to the time for comparison under the former Administration, I can say truthfully that the entire force of the office, with rare exceptions, was devoted to the consideration of cases under the law of June 27, 1890, and that claims under the old law were not considered unless you could get them made special by showing that the claimant had become a subject of charity. The former Commissioner put practically the whole force upon cases arising under the law of June 27, 1890, and gentlemen will see, when I call attention to it, that those are short cases, for in about 75 per cent of them the claims were already made out under the old law.

Under the law of June 27, 1890, all that was necessary for the claimant to show was his present disability; it was not necessary to trace it back to his army service. Those claims could be passed with great rapidity, and in many instances all that was necessary for the attorney was to put on file a request that the case be considered as under the law of June 27, 1890, and it was allowed at once. Many thousands of those cases could be allowed in the same time that would be required for the consideration of a few cases under the old law, cases requiring careful examination extending back to the incurrence of the disability in the line of service. So, when you draw your comparisons between the present Administration and the former one, you should consider not only the quantity or volume of the work, but its kind and quality. If there is any difference between the two administrations it is this: The old administration gave its efforts entirely to the consideration of claims on behalf of people who had not incurred their disabilities in the line of service, while this Administration is undertaking to give some attention to the old soldiers whose disabilities were incurred in the service.

Mr. CANNON of Illinois. Will the gentleman allow me to interrupt him there, for he has fallen into an error?

Mr. COOPER of Indiana. I will yield to the gentleman.

Mr. CANNON of Illinois. This same statement from the Pension Office shows that for the seven months from May to December, 1893, under this administration, there were far less, thousands less, of the old law claims adjudicated than were adjudicated in 1892 in the same period.

Mr. COOPER of Indiana. I understand that, Mr. Chairman. The gentleman is correct as to the fact. I have not the exact figures, but while his statement is correct generally, the disparity is not so great as he has intimated. But this is true of those old war claims, that they have been deferred for three or four years by reason of the partial conduct of the previous administration, and they are necessarily cases involving a very great deal of work, whereas if they had been considered at the proper time, and in the proper order, they would have been reached and could have been expedited and disposed of much more readily.

[Here the hammer fell.]

Beware of Obnoxious Taxation!

SPEECH

OF

HON. RICHARD BARTHOLDT,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 5, 1895,

On the bill (H. R. 8705) to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve, and to redeem and retire United States notes, and for other purposes.

Mr. BARTHOLDT said:

Mr. SPEAKER: Representing as I do the largest beer-producing district in the country, it is natural that I should take the liveliest interest in the proposition made by the gentleman from Mississippi [Mr. MONEY] in a bill now pending before the Committee on Ways and Means, and providing for an increase of 100 per cent of the tax on beer. When I discuss the proposition, however, I do so not to champion any special interest, but to defend the people against the effects of a measure which I shall show to be subversive of their rights, interests, morals, and health, and which, if enacted into law, will, besides, utterly fail of its purpose. I hope to have the indulgence and attention of the House for the purpose of enabling me to prove these assertions. I think I can do so to the satisfaction of every fair-minded man.

The proposition referred to is to increase the internal tax on beer from \$1 to \$3 per barrel. Its advocates on the Democratic side do not deny that they dislike the job, but insist that it has to be performed, and they appeal to our patriotism to help them, because, in their judgment, patriotism demands it in view of the condition of the Treasury. This, I must confess, calls for a sample of patriotism entirely new to me. Then the knights of old were right when they waylaid the merchant and called it patriotism, because they needed his goods and his money. It is the kind of patriotism which prompted England to impose the tea tax and caused her to lose the American colonies and which cost Louis XVI his head. If I had my choice, however, I would call it by another name. In my humble way, I imagined patriotism to mean self-sacrifice for the country's good, but now the advocates of this tax teach us that it means something entirely different, that it means the sacrifice of somebody else's interests, the confiscation of somebody else's property.

In their eyes patriotism impels them to do something the propriety, justice, and wisdom of which they themselves doubt, and lest our country may be blessed with this kind of patriotism I beg to recall to the minds of the members at this time the well-known dictum of Thomas Jefferson, "Never come to the conclusion that, under certain circumstances, it may be best to do something dishonorable." This truism of the great statesman and philosopher is applicable here, because to knowingly do an injustice is dishonorable.

What makes the purposes of these modern patriots so unjust and obnoxious is that they do not strike the rich man, who could stand it, but the poor, who can not. For whatever may be said for or against beer, it is, in our country at least, the poor man's drink. These gentlemen are not after the bottle in the cellar of the wealthy, because its price will perhaps not be enhanced, nor after the glass on the counter, because its cost can not well be increased, but they propose to tax the tin kettle out of the hand of the workman. This may be the tendency of the time, but it is neither Republican nor Democratic. It may be policy, but the history of the world teaches that it is bad policy.

It is true that the Government has nothing but what it receives from the people, and it is also true that the very existence of Government involves the right for it to say how much it is to receive and from whom. But let us remember that an injudicious exercise of that right has dethroned ministries, shattered empires, and swept crowns from the face of the earth. You can find it on all pages of the world's history, written in indelible ink, that you can rather take dollars of a man's liberty than actual copper cents out of his pocket.

What is beer? While it is true that the Germans have brought it over the ocean, with their Christmas tree, their songs, and good nature—nearly as early, by the way, as the landing of the Pilgrim Fathers—yet it has long ceased to be the drink exclusively of our German adopted citizens and their descendants; it is to-day the American national drink, and as such it has done more for the cause of true temperance, it is claimed, than all the prohibition apostles combined.

I speak plainly, Mr. Speaker, because plain language seems necessary in this emergency. As a beverage it has fulfilled a temperance mission, because it has successfully, inch by inch, combated for the ground with the whisky fiend, and when you examine the

figures you will find it has conquered. As the consumption of beer has grown that of whisky has diminished. In deference to my friends from Kentucky I will not attempt to describe what the consequences would have been but for the introduction of beer into this country; and what this mild and wholesome beverage has added to the quiet enjoyment of life, the sociability, happiness and contentment of the masses, I will also refrain from depicting, leaving the task of completing this beautiful picture to the skillful hands of the humanitarians and saviors of society.

But that this advantage, incalculable in its physical and moral magnitude, will be lost to us by taxing one-third of the present beer consumption out of existence; that the inevitable rise in the price of beer will cause a corresponding decline in its consumption and will consequently cause a vacuum, to be filled by whisky, and the very cheapest and worst grades at that; of this there can be no reasonable doubt. I shall try to demonstrate this truth more conclusively later on in my discussion of the subject.

Let us look for a moment at the practical side of the question. Granted that all these arguments leave the Treasury empty and that we are running behind about \$5,000,000 every month, the main question, after all, laying aside all considerations of propriety and justice, is this: Will this increased tax accomplish its purpose? Will it yield the necessary revenue? I say emphatically no! How simple the calculation of the promoters is! The beer tax now yields about \$30,000,000 annually; consequently, if doubled, it will yield just \$60,000,000. Why, it is the egg of Columbus. But I may be permitted to say that if Columbus could suspect Treasury experts of being responsible for this calculation he would feel sorry to-day for having discovered America.

I do not believe, let me say in justice to these experts, that they ever made such a calculation. They know too well that to artificially and voluntarily enhance the price or market value of an article means to restrict its use, to reduce its consumption almost in proportion to the increase of price, the same as if you by a reduction of customs duties really diminish the cost of an article the revenues from it may remain the same because of the increased importation and consumption. This, I trust, needs no further illustration. It is true even as to the absolute necessities of life, but particularly so as to beer, because of the prevailing methods of the sale of this article.

What is it that is swelling the volume of its production to such enormous proportions? Is it the sale by bottles or glasses? No; it is the sale in tin cans, pails, and buckets in which the laboring man gets his beer for his meals and for a sociable chat with his family after his day's work is done. In this manner he gets three times the quantity that he would obtain by standing at the bar. This may not be profitable for the retailer, but competition forces him to submit to this custom, and it has been calculated that two-thirds of the total production of beer in this country is being disposed of and sold in this way.

Does anyone for a moment imagine that this method of sale would or could continue under this increased tax? Not for a day. The retailer would be forced to stop it for reasons of self-preservation. And what would be the consequence? His sales would be diminished fully one-half of what is now being sold this way, and the general production would be decreased fully one-third. Where will, then, be your thirty millions increase of revenue? I venture the prediction that by doubling the tax we will not increase our income more than \$10,000,000, perhaps not more than \$5,000,000.

There are those who will vote for the pending proposition just because of its tendency to lessen consumption. They imagine to thereby promote the cause of temperance. How much they are mistaken I have already intimated. By voting that way they will, in fact, promote intemperance in a twofold way. They will drive many of those who now, because of the better measure, prefer to take their refreshments home, back into the saloons, and you will legislate the whisky bottle into the pockets of others who need a stimulant and yet want to stay at home. Now, I would rather see a man carry a whisky bottle than a revolver, but preferable to both alternatives is a nickel in his pocket for a bucket of wholesome beer.

Every friend of true temperance—by which I mean moderation, not intolerant prohibition which seeks to accomplish the impossible thing of correcting the people's habits by laws and police clubs, and which is fortunately dead in this the only country where it was ever tried—every friend of true temperance and moderation, I say, will conceive it to be his duty, and, if we be such, it is our duty, in a struggle between milder and stronger drinks to take sides in favor of the milder ones. If I can not wipe out intemperance with one fell swoop, I content myself with promoting sobriety by substituting the harmless for the harmful drinks. But by striking at beer you do the very reverse.

You hold the arm of the brewer and place a club into the hand of the distiller; you arrest the march of the American people to a higher plane of sobriety, and go on record as promoters of intoxication. Can the Congress afford to face the moral sentiment of the American people with such a proposition? Can we, as

members of the highest legislative body of the land, afford to rudely interfere with and retard the process of evolution toward higher forms of civilization, which forms are developing, without legislative interference, because of the innate good in man and his manifest destiny? Can we allow the lesson to go out to our American youth that the House of Representatives itself has decreed that when dollars and cents are at stake for the Government, sobriety and morals are not "in it" with Congress?

While you ponder over these questions I want to call your attention to the fact that all distillers and rectifiers, all wholesale and retail whisky sellers are in favor of this increased tax. Members who have read their circulars are, I believe, fully aware of this fact. Why do they favor the increase? Well, human nature is the same everywhere. It is selfish to the core. These interests know they will profit by it, and their attitude fully bears out what I have just now tried to demonstrate. It may be said that this Congress has also increased the tax on whisky. This is true, but while that increase amounted to but 20 per cent you propose to raise the tax on beer 100 per cent. It is also true that such a tax can be collected easily and without extra cost to the Government, but is not this the case with every internal-revenue tax? Or shall the brewers be punished for honestly paying their tax on every barrel brewed, and because there is no case on record of a brewer ever attempting to defraud the Government?

From my standpoint, and by that I mean from the point of view of a Republican, from principle even the one-dollar tax ought to be repealed. It is a war tax, and was imposed at a time of the greatest emergency, in the nation's darkest hours. Although the price of beer was then double of what it is now, the tax has not only been kept up, but kept the same, and the brewers have loyally and ungrudgingly submitted to it ever since and made no attempt to shake it off, even at the time when an annual surplus of a hundred millions caused an American President sleepless nights.

In my judgment beer is to-day not more of a luxury than coffee, tea, and sugar. We can get along without it, true, but we can do without tea and coffee and sugar just as well, and mankind has done without them. Beer, being made out of barley and hops, is an article of food. It is justly called "liquid bread" and is looked upon as such by the millions who drink it. Consequently there is no more justification to tax it than to tax coffee or tea or sugar or ice cream, and if it has to be done, as a result of tariff tinkering, there is no reason why an equal tax should not be placed upon all of them.

The true Republican doctrine is to levy from imports competing with our manufactures, and then from real luxuries just sufficient revenues to run the Government, while articles of food, necessities of life, should be as free from internal taxation as the air we breathe and the water we drink. The income tax was opposed on this side of the House and by many Democrats as unnecessary and unjust, but while the income tax falls on shoulders that can bear it, the increase of the beer tax falls upon those who can not. Therefore the latter is much more iniquitous than the former.

This leads me up to the question which is always important and foremost when problems of taxation are being considered, namely, the question, who pays the increased tax? There is no doubt but that all will suffer from it, the producer (employer and employed) as well as the consumer. But the main burden will fall on the consumer, just as an increase of property taxes is borne by the tenants. While the landlord goes into his pocket and lays down the money, yet he makes the tenant reimburse him by putting it on the rent. So in the case of the brewer, who is in reality merely a subcollector for Uncle Sam. He makes the outlay, but is bound to charge the tax to the retailer, because under present circumstances he simply can not afford to pay it out of his own pocket.

There might have been periods in the history of this great industry, to-day one of the greatest in the country, when the brewer's profits were large enough to bear such a tax, but these days have vanished with increasing competition, which forced the price down from \$12 to as low as \$5 a barrel. To-day it is a matter of current report that the English capital invested in American breweries yields no dividends, and there is no reason to assume that non-syndicate breweries do much better. The reason is that the price of the product has gone down, while the cost of labor and of collection have remained the same, and the losses, larger in this business than in any other, have vastly increased.

So the brewer of to-day, if he wants to conduct a paying business, will be forced to raise the price of beer to the retailer, and the latter would in turn be forced to get his money back from the consumer. But the consumer may have to bear even more than what this increased tax may add to the retail price. His health may be endangered by a poor article which unscrupulous manufacturers may put upon the market as a consequence of this new exaction on the part of the Government. While I do not fear such a result in St. Louis, where the best beer on this continent is brewed, because our great brewers, like Adolphus Busch, William J. Lemp,

etc., are too proud of their world-wide reputation, yet newspapers of other cities have intimated that they fear such a result in their localities.

Another very serious aspect of the matter was pointed out in an article upon which my eyes accidentally fell the other day. It ran as follows:

It is probably true that the brewer would have to bear the increase at first, and that would at least close 2,000 of the breweries of the country, leaving only a few hundred. These would then see their advantage in combination, and we should have another gigantic trust, a trust forced upon its founders by unjust and oppressive taxation.

The article then goes on to explain why naturally a rise of the price would soon follow, and then it reads:

When the workingman some day learns that his modest luxury has been taxed to such an extent that he can not have the liberal measure he now receives for his nickel and that, possibly, the quality has been lowered in addition, then you have reached the real consumer. And he will know that a great trust, forced upon the brewers by the Government against their will, but as heartless as all other trusts, monopolizes the production of beer and is doing this.

Here you have in concise language the reasons why both the producers and consumers will be injured and oppressed by this increased burden. And this is not all. Decreased production means less employment for labor, and in my district alone hundreds of men, now steadily employed at good wages, would have to pay for this increased taxation by losing their work. You may tell them that patriotism requires them to give up the chance of earning their daily bread, but it will be rather difficult to make them believe in this kind of patriotism. Some gentlemen on this floor have asked me the question why the brewers should object, if the consumers, and not they, pay the tax. How easily this is answered! They object, as every manufacturer and business man would, if we attempted to reduce his output and lessen the volume of his business by the machinery of the law. The business of the brewers and the sale of their product is already so heavily taxed by the States and municipalities that the limit of where it will be taxed out of existence is almost reached. It helps to maintain State and municipal governments in a measure vastly exceeding the amounts derived from all other sources of revenue, save real estate. Put additional burdens upon it and you may wipe it out entirely. This result may be wished for by many, but if Congress desires to gratify the wishes of these good people there is another more manly and more honorable way to do so, and that is to directly prohibit the business by Federal statute, or rather a constitutional amendment.

Now a word or two to my Republican friends. I have heard it said on this side of the Chamber that we could with impunity help a Democratic Congress to make an obnoxious law, because the responsibility will fall upon the head of the party in power. I for one do not believe in this theory. I believe in judging every question according to its merits and to vote in pursuance with the judgment thus formed. My ideal of a legislator is he who tries to the best of his ability to serve the people first, because by doing so he serves his party best. It has also been suggested that if the present Democratic Congress puts this additional tax on, the next Republican Congress will have the extreme pleasure of taking it off. This, I submit, is in itself a concession that the tax is wrong and that votes can be gained by the repeal of it. This is following the example of the man who set fire to his house and then helped to put it out. It is a dangerous experiment, in which whatever party is responsible for it may badly burn its fingers; and I also remind my party friends of the fact that if relatively as many Republicans should vote for this tax as Democrats it will be an impossibility to put the blame on the party in power. The people have begun to think for themselves, and in this age of newspapers and printer's ink they can not easily be deceived.

Speaking of practical politics, I should mention the fact that of the 101 daily and 800 weekly German-American newspapers not a single one is to my knowledge favorable to the proposition in question, or even willing to excuse or forgive the party which would enact it into law. They all condemn it in severest terms, and I could quote from them to the extent of volumes to show that this question, if Congress seriously proceeds to discuss and settle it, will be a most important factor in the next Presidential campaign. Our German-American fellow-citizens are, as is well known, not only intelligent but rather independent voters. They have very largely contributed to the great Republican triumph of last November; but because of their independence it is very easy to alienate them. I am free to predict that if this Democratic Congress saddles this additional tax upon the people against the opposition of the Republicans, the Democratic party will lose their votes for good, while the same fate awaits us if we should make such a mistake in the next Congress. It will be looked upon as a blow at the common people, their innocent pleasures and modest luxuries, and as an assault upon that liberalism which permeates our institutions and makes them so dear to the American people. When an increase of the tax on ale and beer, only a slight one, was threatened in England, the people

immediately lost sight of all other issues and a storm broke loose which unrooted a cabinet and which could not be allayed until the obnoxious proposition was withdrawn. May our political parties profit by this experience, and heed this timely warning!

If additional revenue is needed, tax the luxuries of the wealthy or revise the tariff in accordance with the needs of the Government! [Applause.]

The Pacific Railroads.

SPEECH

OF

HON. CHARLES J. BOATNER,

OF LOUISIANA.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, January 31, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean," etc.—

Mr. BOATNER said:

Mr. CHAIRMAN: The conspicuous feature which has characterized every measure presented to the Congress of the United States or the settlement of the Pacific railroads question and for the settlement of the obligations of those roads to the Government has been that all of them have provided for the abandonment of the proceedings directed to be instituted against the officers and directors of those roads by the act of 1873, for the enforcement of the rights of the Government against them, and the measure which is now under consideration is no exception to the rule. I beg to call attention at this time to the fact that in 1873 the disclosure of the colossal frauds and violations of trust that had been practiced by the officers and directors of these railroads resulted in a unanimous report to this House by a special committee, raised for the purpose of investigating the matter, recommending the expulsion of two of its most honored members because they had been debauched by the emissaries of these companies. The public sentiment then aroused was so overwhelming as to sweep out of public life and destroy a great many public men who had been connected with those frauds, and resulted in the enactment of a statute by the Congress sitting in 1873, directing the Attorney-General of the United States to institute actions against all parties who had been concerned in those transactions, for the recovery, for the use of the Government, of the amounts which they had surreptitiously obtained from the companies they had represented.

There was promptly instituted in the circuit court in the State of Connecticut a bill in equity by the Attorney-General, seeking to carry out the purposes of Congress in the enactment of that law, and that suit resulted in 1878 in a decision of the Supreme Court of the United States, on a demurrer by the defendant, which admitted for the purposes of the demurrer the truth of all the facts alleged. That suit resulted in a decision by the Supreme Court that the action could not be maintained, simply because it was premature, simply because at that time the United States had no legal standing in court to assert its rights which had not yet matured. The court said in effect: "The United States made its contract with the railroad companies, and by the terms of that contract the rights and obligations of the companies are fixed. It is not contended but that the companies are complying with the terms of the law requiring payments into the Treasury of the United States; it is not contended but that they are complying with the provisions of the law establishing the corporation, and of subsequent legislation; and this court can not anticipate that, at the maturity of the bonds which the Government has issued in their aid, the roads will default in the principal and interest, which will become due at the same time." And, Mr. Chairman, for the sole reason—for that sole reason—that the right of action of the United States to assert its claim against the directors and officers of those companies, and to bring back into the treasury of the companies money and property which would then be subject to the Government's mortgage, had not yet matured, the court sustained the demurrer and dismissed the bill.

And now, Mr. Chairman, when the time has arrived, or when it is admitted that it will soon arrive, when the bonds are to fall due, now that it is confessed that the United States will in a short time have the standing in court which the Supreme Court, in 28 United States Reports, said would authorize them to institute these actions, it is deliberately proposed to abandon all the rights of the United States by postponing the maturity of these obligations for fifty years. And that, sir, is the milk in the cocoanut in

this bill and in all of these bills. The object is to enable those who have had control of the organization and management of these companies and the construction of these roads to escape their liabilities to the companies, and through those companies to the United States, for an amount more than sufficient to discharge the entire first-mortgage lien operating upon them, and to leave the roads subject to the lien of the United States.

Now, I would like for some gentleman who is supporting this bill to suggest why that should be done. I would like some gentleman to give us some reason, sound in law, sound in morals, sound in a sense of responsibility to the people, why the frauds committed by the directors and managers of the Union Pacific Railroad by which they have taken from the treasury of the company more than sufficient money to pay its first-mortgage bonds to-day—I would like to hear some reason why those men should be allowed to escape with their colossal fortunes, why these people should be allowed, they, their heirs, and successors, should be left as the moneyed princes of this land, in the possession and enjoyment of princely fortunes obtained by confessed fraud on the rights of the Government.

Mr. RAY. Does not the prosecution by the Government of its rights and remedies against this railroad company and its officers, involve the ownership of the road by the Government?

A MEMBER. What has that got to do with the question?

Mr. RAY. I want to understand the position of the gentleman on that point.

Mr. BOATNER. I am very glad indeed that the gentleman has asked the question; and I will state now that instead of treating such inquiries as interruptions, I shall be glad when any gentleman on the floor may interrupt me to ask me any question upon which he desires I shall explain myself more at length.

The question which my friend from New York asks I recognize as a perfectly practical question; and I assure him that I would prefer to see the indebtedness of the United States wiped out rather than see this Government enter upon the ownership of railway property. [Applause.] I believe that the public interest requires that railway property shall be left in the hands of individuals, subject to Government supervision. I should be as far from taking that step in the direction of socialism—Government ownership of railroads—as my friend from New York. But I can not see that the enforcement by the United States of its rights against these companies, their officers and directors, would lead to Government ownership of the roads. To guard against that, however, I have prepared a substitute, which is printed in to-day's RECORD, from which he will see that I have devised a plan by which we shall entirely escape any danger of that sort. I propose that we amend the original act of incorporation (which we have a right to do) by requiring that these companies shall as a penalty for default on the interest of these first-mortgage bonds and as a penalty for default upon the principal of any subsidy bond when due, forfeit their charters, which shall thereupon immediately vest in the United States for the use and benefit of all lawful creditors and of all concerned; and that the Secretary of the Treasury shall thereupon take possession of these roads, that the President of the United States shall appoint a railway commission to be composed of three or five members—I am entirely indifferent as to the number—who shall succeed to all the rights and responsibilities of the defunct corporations, and who shall immediately proceed to take an account of the stock issued in defiance of law, of the contracts made by the directors with themselves in the name of third parties or of corporations, and of the profits unlawfully thereby acquired, in other words, to make an official investigation of all the frauds covered by the Credit Mobilier report and certified to by your railway commission, which was appointed as late as 1887, and when they have made such investigation and obtained the necessary data upon which to institute judicial proceedings, to institute suits in the name of the United States against all the parties involved for the recovery of whatever may be due to those companies; and when the suits shall have been determined they are to report that fact to the Secretary of the Treasury.

These suits are to be given the right of way in all the courts of the United States; are made preferred cases, and ample facilities are given for conducting them as speedily as possible; all recoveries made to be reported to the Secretary of the Treasury, and when assets in hand shall have been properly applied the railway property to be sold to pay the balance which may be found due to the Government and any other lawful claims entitled to payment out of the proceeds.

The substitute which I shall offer further promises that the road when thus sold may be paid for by its purchasers in their first-mortgage bonds bearing 3 per cent interest and running fifty years, if these should be the best terms upon which the Secretary of the Treasury can dispose of the property. Now, I submit that is a perfectly practicable, perfectly feasible, and perfectly rational way of dealing with this important question, and that by no other

proceeding can we protect the rights of the Government and at the same time assert its authority against the people who have defrauded these companies to the extent I have stated.

Mr. GEARY. One question, if the gentleman pleases. If the relation between the Government and the railroad company with reference to this debt is to be only the relation of debtor and creditor, must not the Government first exhaust all remedies against the corporation and ascertain the existence of a deficiency before it has the right to require anything from the stockholders of the company?

Mr. BOATNER. That would be the method of remedy to be pursued by an ordinary creditor. But the gentleman from California ought to recollect that the Supreme Court of the United States has declared in the case of the United States against the Union Pacific Railway Company that the United States occupies with respect to these companies the dual relation of sovereign and creditor. He ought to recollect, and I beg to remind him, that in Congress resides the power to enact the supreme law of the land, and that we have a perfect right to enact remedial legislation which will reach the end desired. And my friend will remember that the Supreme Court held in the case to which I have referred, that while the directors of this railway company might be trustees of the company, they were not at that time the trustees of the United States and could not be held to accountability as such until the rights of the United States as *cresui que trust arise*.

Mr. WEADOCK. Will the gentleman yield to me for a question?

Mr. BOATNER. Continuing my reply to the gentleman from California let me say that when by an act of forfeiture the United States succeeds to and becomes possessed of the assets of a defunct corporation, then the officers and directors are subject to accountability to the *cresui que trust*, which will then be the Federal Government. And further, while my friend will say that it is impossible to reach the property, he is familiar, I am satisfied, with the rule of equity that in such a matter where a judgment has been obtained against the trustee the court will proceed to ascertain the investment of the trust fund, and these immense fortunes, built up out of the avails of a trust fund diverted from its proper and legitimate uses, will be subject to execution to satisfy any judgment rendered by a decree against the trustee.

Mr. GEARY. Just there—

Mr. BOATNER. Allow me to proceed. And another thing my friend forgets is that in such cases the onus of proof is on the trustee, that the fiduciary charged with the expenditure of a fund must, when called upon by his principal, account for it; and we have the evidence of the land grants, we have the evidence of their proceeds, we have the evidence of the proceeds of the subsidy bonds, and we have the evidence of the first-mortgage bonds, and it is for the court then to ascertain how they disposed of such funds and how they were diverted from their proper channel.

Mr. GEARY. Now will the gentleman allow me a question?

Mr. BOATNER. In a moment.

Mr. GEARY (continuing). The gentleman understands what my position is; that I am right in line with that argument—

Mr. BOATNER. I can not yield to the gentleman now. I understand his position to be this: That because, in his judgment, the suits will be ineffective he is in favor of abandoning them.

Mr. GEARY. Oh, no; that is not the question at all—

Mr. BOATNER (continuing). I differ with the gentleman from California in that respect. I do not believe that they will be ineffective, but if I did so believe I would let the responsibility for the failure rest on the courts, where it properly belongs, and not on the legislative department of the Government.

The railway commission appointed in 1877 declared that the decision of the Supreme Court in 98 United States Reports was a public calamity. I heartily agree with them. They postponed the enforcement of the unquestioned rights of the Government and the people of this country from 1878 until 1896. But now, sir, if these efforts are to be fruitless—I do not think they will be—I desire an honest effort to be made on the part of the law officers of the Government to enforce its rights against these companies, and as I said before, in the event of a failure, if there shall be a failure, to put the responsibility upon the shoulders of the judicial department of the Government, where it properly belongs, and not upon the legislative.

But my friend from Pennsylvania [Mr. REILLY], the chairman of this committee, and the gentleman who will follow him [Mr. WEADOCK] will argue that the provisions of the bill fully protect the Government rights.

SEC. 14. That the said companies accepting the provisions of this act, and each of said companies, shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity, or other proceedings, to be instituted and prosecuted in the name of said company or companies against any person who is, or has been, a director, officer, agent, or employee of the said company, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappre-

privation of assets, or any other act or transaction whatsoever, in respect of which the said Department of Justice shall allege that it desires such action, suit, or other proceeding to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, etc.

Now, sir, that section of the bill might deceive unprofessional people, but I can not understand how any lawyer would for a moment be turned aside from the object contemplated by this legislation by the insertion of such language as that. I criticize it mildly when I say it is a delusion. I will not call it a snare, because I believe that my friends, when they incorporated it in the bill, were honestly impressed with the idea that it would serve the desired purpose. But a moment's reflection will show the committee that the moment these companies accept the provisions of this act they will then be exactly in the same position they were in in 1878, or rather in 1873, when the Supreme Court held that the right of action on the part of the United States did not exist to call these people to accountability. The prematureness of the action would be more pronounced now than it was then, because the United States would be extending these bonds fifty years after their maturity instead of their extension from 1878 to 1896, as was the effect of the decision at that time.

Mr. STRAUS. Will the gentleman allow me to ask him a question?

Mr. BOATNER. Certainly.

Mr. STRAUS. The gentleman has already said that Congress has power to enact laws to reach these people. Now, can not Congress enact a law by which all the rights of the Government to reach these people will not be forfeited by the acceptance of the provisions of this bill?

Mr. BOATNER. No, sir. It is legally impossible, because the Senate and the House combined can not impair to any extent a right which has accrued. We may provide remedial legislation to enforce rights which were existing at the time and which exist now, but we can not impair any right which has accrued.

Now, the moment that we extend our debt fifty years, then we will lose standing. We have got nothing to say until the company defaults on some obligation which it would incur under the provisions of this act.

But gentlemen who will maintain the affirmative side of this proposition will say that this does not direct that the suit be brought in the name of the United States, but merely imposes a condition upon the incorporation, that the incorporation shall institute the suit and protect itself against the consequences of the frauds of its preceding officers and directors. We may direct the company to institute the suits. We may make it mandatory upon the officers that they shall do so and shall prosecute the suits, but we can not by Congressional legislation destroy the defenses which these directors and officers have against that corporation as a corporation. We can not do away with the statute of limitations which has intervened in their behalf. We can not take from them the plea of acquiescence and of indorsement of these acts by the directors and officers of these companies, elected by their stockholders; and so the suits directed to be brought by that provision of the act would be a mere delusion and a snare. It would be impossible, in my judgment, to overcome these defenses.

And then, Mr. Chairman, suppose the recoveries were had. Suppose this money was to be paid into the coffers of the treasury of these companies. We would have no lien upon it and no recourse upon it. We might pour into the treasury of the company \$100,000,000 and it would simply be subject to distribution among the same directors and stockholders who had contributed it. As the property of a corporation, we would have neither the power or the right to control the use of it. And so, sir, the insertion of this provision in this statute is worse than a delusion and a snare, because it is utterly hollow and utterly worthless.

Mr. HUTCHESON. Will the gentleman allow me to ask him a question?

Mr. BOATNER. Yes.

Mr. HUTCHESON. I have not perused the bill, and I suppose nobody who is not connected with the committee has a very clear understanding of it. I wish to ask whether this bill would be a novation of the contract? Do they not have to carry out the provision to pay the \$40,000,000?

Mr. BOATNER. The question which my friend from Texas asks me involves a discussion of this bill, which I will now proceed to.

Mr. MAGUIRE. Let me make a suggestion here. Is not the reason that you say the Government can not make a compromise with the companies while maintaining its right of action against the fraudulent directors because the United States Supreme Court declared their obligation, though founded in fraud, to be collateral to the company's obligation?

Mr. BOATNER. Why, of course. The Supreme Court of the United States decided that whatever obligation of restitution lay upon the directors and these officers of these companies, it was through the companies, the incorporations themselves, and that the United States as a creditor of the company could not enforce

a right of the company so long as the companies were not in default, in compliance with the terms of their contract with the United States; in other words, that so long as the companies were conforming to the provisions of the original act with respect to the sinking-fund requirement, so long as they were transporting Government troops and munitions of war, and sending dispatches and all that, that the United States had no standing in court to bring an action for the benefit of the company. The court says, substantially, if we maintain this action, and if we permit these recoveries to be made as the company is resisting the suit, it is to be supposed that it would immediately enter satisfaction of judgment, and if the money was covered into their treasury it would have the power immediately to redistribute it to the very people who would have paid it.

Now, coming to the provisions of this bill, the second section of this act provides:

When the said companies, or either of them, shall provide as hereinafter required for the payment of the first-mortgage bonds issued by any of said companies which now have priority over the lien of the United States, the bonds of such company secured by a mortgage upon all its franchises and property as hereinafter authorized, shall be received as collateral security for the amount of its indebtedness to the United States, so as aforesaid ascertained.

Now, what are the requirements "as hereinafter required"? What does that refer to? If you look to section 3, in the latter part of it, you will see that—

All other securities and cash in said fund shall be applied in extinguishing, in such manner as shall be approved by the Secretary of the Treasury, any portion of the remainder of the bonds secured by said first mortgages; but said sinking fund shall not be so applied or available under the provisions of this act until said company shall have made provision satisfactory to the Secretary of the Treasury for the payment at or prior to the maturity thereof of all of said bonds secured by said first mortgage and the discharge of such mortgage.

So that it appears from the very language of the act upon the "acceptance and compliance with the provisions of this act" they may tender to the Secretary of the Treasury mortgage bonds to be received as collateral security; and then, when they have made arrangements satisfactory to the Secretary of the Treasury for the payment of these first-mortgage bonds, why the Secretary of the Treasury is to apply the sinking fund; not that the first mortgage is to be paid, but that provision satisfactory to the Secretary for the payment shall be made. But how are they to make this arrangement, and what arrangements are to be made? What shall they consist in, and in what manner are they to accept of the provisions of this act? That is all left, Mr. Chairman, to the imagination of the House. The House is to infer that the Secretary of the Treasury will make a satisfactory arrangement to secure the payment of a bonded indebtedness which will require \$20,000,000 on the part of the Union Pacific in addition to the amount to its credit in the sinking fund. Certainly I say that in any bill that should pass this House, the Secretary of the Treasury should be informed by its provisions what arrangement the Congress or the Government expects him to make. No such responsibility and no such power should be vested in any executive officer; and you might find that an arrangement satisfactory to the Secretary of the Treasury was such that from a legal standpoint the United States would have surrendered the entire amount of the sinking fund, and would have received as a collateral fifty-year bonds which would be a second-mortgage security on the subsidized lines.

Mr. REILLY. Does not the gentleman understand that section of the bill to distinctly, unequivocally, and emphatically provide that before the Secretary of the Treasury shall be authorized to use and apply the sinking fund he must be satisfied that all the first mortgage is discharged?

Mr. SNODGRASS. In his discretion.

Mr. REILLY. Read the language of the bill.

Mr. BOATNER. He must be satisfied. There must be—

provision satisfactory to the Secretary of the Treasury for the payment at or prior to the maturity thereof of all the said bonds secured by said first mortgage and the discharge of such mortgage.

Mr. REILLY. Now, let me call the attention of my friend—

Mr. BOATNER. Let me finish my sentence. There is coming due of these first-mortgage bonds of the Union Pacific some \$27,233,512. There mature on the 1st of February, 1896, \$4,320,000, and \$3,840,000 on January 1, 1897; \$15,919,512 in January, 1898; \$3,157,000 on January 1, 1899; and for the Kansas Pacific the maturities on the same date are \$640,000 on November 1, 1895; \$1,440,000 January 1, 1896; \$2,800,000 January 1, 1897; \$1,423,000 January 1, 1898; \$33,539,512 securities, the payment of which, in four or five years from now, is to be left entirely to the discretion of an executive officer.

Mr. REILLY. Oh, no.

Mr. BOATNER. Why, you can not get away from the language of the bill. It is too plain to be misunderstood, and I have asked the gentleman, as chairman of the committee, how is this payment to be made, what provision is to be satisfactory to the Secretary of the Treasury for the payment of these bonds "at or before maturity," and my friend has never been able to give me any satisfactory answer to that question.

Mr. REILLY. Well, I do not want to interrupt the gentleman, but I undertook, as far as my humble ability would permit me to do so, to satisfy the House in my remarks yesterday, and also in conversation with the gentleman, that the conditions of the bill are express and explicit that the Secretary of the Treasury can not use a dollar of the sinking fund until the extinction of this mortgage, or until the company has satisfied him they are able to do so, nor can he accept one of the bonds that are to be given in this mortgage until the first mortgage is canceled and destroyed.

Mr. BOATNER. Therein is where my friend is mistaken.

Mr. REILLY. That is my opinion, however; and I think the gentleman from Louisiana is mistaken.

Mr. BOATNER. Therein I think the gentleman from Pennsylvania is mistaken as to the provisions of this bill. In my judgment they would permit the bonds to be executed and the application of the sinking fund postponed until provision satisfactory to the Secretary of the Treasury was made for the redemption of the first mortgage.

Mr. REILLY. I entirely differ with the gentleman; and the entire difference between the gentleman and myself is this: That I am willing to trust to an executive officer of this Government the responsibility, and to have confidence enough in him to believe that he will execute a law of this Congress.

Mr. BOATNER. Of course there is a difference of opinion between the chairman of the committee and myself as to the legal construction of this language. But we have the experience of twenty-five years in dealing with these companies. We know that they are represented by the very best legal talent of the United States. We know that the road to the Federal bench has been by way of the railway offices, and we know that in their litigations with the Government, with the exception of the suit growing out of the Thurman Act, the companies have been successful. And, Mr. Chairman, I imagine that the friends of these railroad companies would not have been willing for this bill to be reported here and supported as it is (and they are all supporting it) if there had not been such a possible construction of its provisions as would give the companies the relief which they expect to obtain by it. And that relief is, first, that the directors and officers are all going to be exonerated; next, that the Government indebtedness is to be extended for fifty years, and next, that as these first mortgages become due they will utilize the sinking funds to pay them until the sinking funds are exhausted, and that when those funds are exhausted they will pay or not pay as suits their convenience, and go on, or have a reorganization, as may be for their interest at the time. I do not charge that my friend from Pennsylvania [Mr. REILLY] understands this bill as I do, but, sir, my best judgment as a lawyer is that just such a course of proceeding on the part of the companies would be entirely practicable under the provisions of this loosely drawn bill.

There is another point to which I wish to call attention before I take my seat, and that is that the gentlemen who have been representing the Union Pacific Railway Company came to our committee and submitted a list of amendments which they said were absolutely essential to enable them to reorganize the Union Pacific Company under the provisions of this bill. These essentials were that the interest on the bonds should be reduced to 2 per cent, that there should be eliminated from the mortgage which is proposed to be given all the collateral lines and all the stocks and bonds held in the collateral lines, and that the Government mortgage should be restricted to the main line. They also stated that a foreclosure of the mortgages upon this property would be absolutely essential, because the companies were so loaded down with floating obligations, resulting from traffic contracts, resulting from guaranties of the interest on the bonds and dividends on the stocks of other lines, that they were utterly and totally insolvent, and that no money could be raised on their stock or on their credit until this floating indebtedness was wiped out by foreclosure.

Mr. HOOKER of Mississippi. To what extent were those suggested amendments embodied in the bill? How many of them?

Mr. BOATNER. None at all.

Mr. HOOKER of Mississippi. Exactly.

Mr. BOATNER. But I will say to the gentleman from Mississippi that the very men who told us that they would not take advantage of this bill and who insisted on these amendments have been here lobbying for the passage of the bill, in the confident expectation, as they express it, of having it shaped up as they want it in the Senate and having all these matters arranged in conference.

In other words, the House is merely to be made a sort of chopping block to chop out in the rough legislation to be sent to the other branch of Congress, where these gentlemen can have such amendments put upon it as they desire and have it brought back here and carried through this House on the report of a conference committee.

Mr. Chairman, I will not consume the time of this committee by going into the transactions of these companies to any very great extent. I desire, however, to call attention to a few of them.

The Railway Commission appointed in 1887, under the act approved March 3 of that year, say, on page 49 of their report:

The explanation of the constant and restless discussion and inquiry which have for many years pervaded Congress, the press, and, it may be said, the whole people of this country, in relation to these Pacific companies, is certainly due to the fact that there exists a settled conviction that by the application of ingeniously contrived devices in the construction and operation of these railways the bounty of the Government, intended for the support, development, and insurance of the financial strength of these corporations, has been slowly but surely filtered into the pockets of a few favored officers and managers, who have not scrupled to use their powers as directors and trustees for their own personal advantages.

This Commission finds it impossible to state its views of the object of the Government in making the munificent grant of lands and the great aid of its credit in better language than that contained in the report of the Wilson committee to the House of Representatives, made on the 29th of February, 1873.

They quote the language of that report, holding that these parties were trustees of the Government and of the roads, and that they were accountable to the people of the United States for the faithful discharge of their duties.

I find on page 51 of this same report, made by two gentlemen, one of whom is here to-day advocating the passage of this bill—I find in this report, made by Mr. Anderson and his associate on that committee, the statement that there was a total profit of \$42,825,328.34 on the construction of the Union Pacific road from Omaha to Ogden. They say:

The actual cost of construction under these three contracts was substantially equivalent to the proceeds of the first-mortgage bonds of the company and of the Government bonds, as shown by the following table.

And they give the table.

I find, sir, that that company, with a full knowledge of the fact that it would be unable to meet its obligations to the Government, paid out, up to the 1st of January, 1880, \$11,943,125. I find that the construction company of the Central Pacific—giving only one item—

Mr. COOPER of Wisconsin. May I interrupt the gentleman with a suggestion, which is that these profits of \$40,000,000 which were made on a thousand miles of road, were all paid by the directors of the company to themselves.

Mr. BOATNER. I was coming to that. I will not take time to look up in this report the various amounts which were received by the constructors of these railroads, but they are enormous. In every case the directors voted the contracts and the compensation to companies which belonged to themselves. In other words, they, as directors of the companies, made contracts with themselves as contractors, and as directors they appropriated and delivered the funds of the companies to themselves as creditors.

Mr. TERRY. Is it not true that the defaulting companies mentioned in the pending bill diverted fraudulently a large part of the traffic and transportation that they would naturally have received to other railroads, thereby diminishing their net earnings out of which the Government was entitled to 5 per cent or other per cent provided for it by law?

Mr. BOATNER. That is undoubtedly true.

Mr. TERRY. And in view of that fact, would not the Government have a right to pursue those other companies by bill in equity on account of what they received in that way?

Mr. BOATNER. I hardly think so, unless they were parties to the fraud.

Mr. TERRY. It occurs to me that the United States would have that right on this principle: It has been held, for instance, that where a landlord has a lien upon the tenant's cotton or corn and the tenant sells it to a man who buys it with a knowledge of the lien, then the landlord can maintain a bill in equity against the purchaser for the proceeds. Now, one of the rules of law is that a statute of the United States is notice to everybody, so that these railroad companies must be presumed to have known that the Government was entitled to its 5 per cent of the net earnings, which in this way were fraudulently diverted.

Mr. BOATNER. Not 5 per cent; 25 per cent. Mr. Chairman, it is hardly necessary for me to enter into a discussion of that question.

Mr. TERRY. I asked the question on this point because I wanted to know whether the gentleman's proposed substitute would reserve the right of the Government to that kind of a remedy—the right to sue these other companies.

Mr. BOATNER. Certainly, my substitute reserves all rights of the Government. It directs the Pacific railroad commissioners, when appointed, to institute all suits which can be instituted, growing out of the frauds and peculations in the construction and management of the roads.

Mr. TERRY. I think those other companies are certainly liable to the Government.

Mr. BOATNER. Now, Mr. Chairman, I want to say that if the settlement proposed by this bill were going to put money into the Treasury—if the bill proposed a liquidation of the indebtedness of these companies so that the Treasury would be benefited—I might be willing to support the proposition, or at least I would not be so violently opposed to it as I am to this measure. But the

bill not only does not propose to put any money into the Treasury, but, on the contrary, that the United States shall pay all the subsidy bonds outstanding, amounting to some \$64,000,000, to take the entire amount of the sinking fund and apply to payment of the first mortgages, and that the Government shall receive within fifty years reimbursement of obligations issued thirty years ago, and on which it has been paying interest ever since at the rate of 6 per cent per annum, this arrangement to carry with it an absolute discharge, in my opinion, of every person who has been concerned in the frauds in the management of this property.

Mr. KYLE. Is it the gentleman's opinion that the Government, if it desired to do so, could appropriate this sinking fund to any other purpose than the liquidation of the first-mortgage bonds?

Mr. BOATNER. I am very glad indeed that my friend has asked me that question; because it shows that the proposition here is for the Government to give away the advantage of the position which it occupies with respect to that very subject-matter. By the act of 1887 the Secretary of the Treasury is directed to pay out of the sinking fund all first-mortgage bonds as they mature whenever in his judgment it is necessary to protect the interests of the Government.

I call the attention of my friend to another fact—that so soon as the United States shall have discharged its first mortgage out of the sinking fund and by such additional legislation as may be necessary, the Government not only gets its first mortgage to secure its subsidy bonds upon the aided portion of the line, but under the provisions of the act of 1878 the Government lien extends to the entire line, and when the first mortgage shall have been wiped out the United States will stand as first-mortgage creditor of the entire line.

Mr. KYLE. Does not my friend think that this bill appropriates this sinking fund exactly as it would be disposed of under existing law?

Mr. BOATNER. It does, with this difference: That under existing law the moment the Government has appropriated the sinking fund for this purpose the bonds thus acquired are practically discharged and the Government loan strengthened to that extent, whereas under the terms of the bill the payment of the Government indebtedness is postponed for fifty years, and we get no benefit.

Mr. KYLE. Is it a fact that this debt under the pending bill is postponed for fifty years? Is it not the fact that within six months after the acceptance of the terms of this bill these companies must begin not only to pay the interest but to discharge the principal of their indebtedness?

Mr. BOATNER. Yes—

Mr. KYLE (continuing). And therefore the postponement was not for fifty years, as he first suggested?

Mr. BOATNER. The gentleman is perfectly correct in that, so far as the bill before the House is concerned. But I have been making the suggestion on account of what I know to be certain influences which will amount to a complete change in the provision of the bill in another body. I know that the understanding was that the provisions here are to be stricken out and a provision inserted, probably not in this House, but in some other body extending these bonds fifty years. The gentleman has been informed not once, but several times, by the promoters of the bill that such a concession would have to be made.

Mr. KYLE. Does not my friend think it right, if such be the fact, to deal with the bill in a proper way in this House to reach the purpose we have in view and not to take it into consideration in connection with what may be done by some other branch of the Government? We can not possibly anticipate what will be done in the Senate or elsewhere. We must base our action as legislators on what we ourselves believe to be the best interests of the Government.

Mr. BOATNER. The bill provides that for a period of ten years, commencing on the 1st day of July, 1895, each of these companies "shall pay to the Secretary of the Treasury of the United States in addition to the interest which shall then be due on its indebtedness, one-half of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided." The bill does, therefore, propose that there shall be a payment of a percentage each year, to be applied to the payment of the lowest numbered bonds.

Mr. BRETZ. Beginning when?

Mr. BOATNER. On the 1st day of July, 1895.

Mr. WASHINGTON. Will my friend from Louisiana permit me to ask him a question?

Mr. BOATNER. Certainly.

Mr. WASHINGTON. I would like to ask if the committee's bill is adopted and the first mortgage wiped out, the Government mortgage being a second mortgage, will the gentleman please explain what kind of a mortgage we would then have? Would it be a first mortgage, or would it be in the nature of a kind of blanket mortgage on all of the roads, or would it be any security whatever?

Mr. BOATNER. The original lien of the Government carried by the act of 1863 is continued in force—

Mr. COOMBS. As far as the aided roads are concerned.

Mr. BOATNER. As far as the aided roads are concerned. But we would have in addition to this a first mortgage, or collateral bond, as collateral security which purports to carry a mortgage on the same line on which we have now a first mortgage, and would also embrace a first mortgage on portions of the line where it is contended that we have not now a first mortgage.

Mr. STOCKDALE. But is it not true as a matter of fact that the collateral lines, that is these other roads, are already mortgaged to their full value?

Mr. BOATNER. Of course.

Mr. SNODGRASS. I was just going to suggest, with the consent of the gentleman from Louisiana, that it was in proof before the committee that these additional lines of road were all mortgaged to more than their full value; and therefore this would add nothing whatever of additional security to the Government.

Mr. BOATNER. Now, Mr. Chairman, concluding my remarks—

Mr. WASHINGTON. If it will not interfere with the gentleman I would like to have an answer or an explanation of the point suggested in my question.

Mr. BOATNER. I was just coming to that, because I do not desire to take any more time than necessary. I must conclude in justice to other members of the committee.

Pursuing my reply therein, and replying to the question of the gentleman from Tennessee, I would say that the United States would not then acquire any better position with reference to these roads than it now substantially occupies, because it will surrender of the property of the companies the sinking fund, which I think amounts to \$18,000,000.

Mr. KYLE. If the gentleman will permit me, the total sinking fund is, of the Central Pacific \$5,330,000, and the Union Pacific \$13,665,000, in round numbers.

Mr. BOATNER. Making about \$18,000,000 in all, that the Government would surrender—

Mr. BRECKINRIDGE. If it will not interrupt the gentleman—

Mr. BOATNER. Certainly not.

Mr. BRECKINRIDGE. I would like to ask how much is still due to the nonaided lines under the decision of the Supreme Court for carrying the mails?

Mr. BOATNER. Some \$2,000,000.

Mr. BRECKINRIDGE. Now, has the gentleman come to any conclusion as to whether there is any opportunity or right on the part of the Government to credit the debt of the Government with that withheld railroad postal money?

Mr. BOATNER. The Supreme Court of the United States decided that we had no such right.

Mr. BRECKINRIDGE. Not now; but if they make default of the principal of the debt, can it be used to be applied to the obligation incurred by the roads to the Government?

Mr. REILLY. If the gentleman from Louisiana will allow me just at that point, I would like to make myself understood in connection with that fund.

The committee reporting the measure have taken that fact into consideration, and the provisions of the bill will require the Union Pacific Company to raise about \$20,000,000 in addition to the money now to their credit in the sinking fund to wipe out their mortgage. The Central Pacific will have to raise about \$15,000,000, which amount, in connection with the sinking fund, will extinguish their indebtedness, and the committee took into consideration the amounts due the Government for transportation service on the nonaided lines as a resource they could rely upon to enable them to raise the money required to carry out the provisions of this act.

Mr. BOATNER. Mr. Chairman, as to whether these companies would, in the event this bill becomes a law, allow that as a credit would depend entirely upon their voluntary action. So far as the Central Pacific is concerned, I have been advised that it would not be so allowed; so that fact can not be taken as an element in the settlement.

Now, Mr. Chairman, with regard to the plan which I will propose to the House, I want to say that it does not contemplate in the remotest degree any Government ownership of railways, nor does it contemplate any Government operation of railways any more than is constantly practiced in the United States courts and through the judicial arm of the Government by receivers. It proposes the creation of a Pacific railway commission, who shall be charged with the duty of operating these roads as common carriers pending the liquidation of the companies, and who shall immediately institute suits against all parties who may be indebted to the several companies after these recoveries shall have been made; then to make a liquidation, to marshal the assets of the company, to apply them where they belong according to law and equity, and ask for an order of foreclosure to sell the roads in

pursuance of the provisions of the mortgages which the Government has upon them.

Mr. NORTHWAY. I should like to ask the gentleman two or three questions for information.

Mr. BOATNER. Very well.

Mr. NORTHWAY. Suppose your substitute should be voted down and the question should come directly, Shall the bill pass? do you advise us to vote for or against the bill?

Mr. BOATNER. I advise a vote against the bill, and I will state to my friend the reason why.

We have got legislation which will fully protect the rights of the Government between now and the meeting of the next Congress. There is ample money in the sinking fund to meet all the maturities which will intervene between now and the reassembling of the next Congress. If that Congress should decide not to take any action in the premises, existing laws are better than any laws extending this debt on the terms here proposed, because we have the provisions in the act of incorporation providing for the foreclosure. Of course the very execution of a mortgage itself provides for a foreclosure. When the law says that the United States shall have a mortgage, it means that the United States shall have the right to go into court and foreclose that mortgage. We may, by taking up these first-mortgage bonds as they fall due, become subrogated to the rights of the holders of those bonds.

The gentleman will notice that these first mortgages mature on the 1st of February, 1896, and the 1st of January, 1897. They amount to \$7,000,000, falling due, between those two terms, on the Union Pacific. I will not take time to give the amounts on the Central Pacific. Suppose the Government of the United States takes them up out of its sinking fund? It is immediately subrogated to the rights of the holders of those bonds. It may immediately demand a foreclosure upon the property subject to that mortgage.

Its own subsidy bonds will have become due in the meantime. It may demand a foreclosure upon its own subsidy bonds. It may sell these roads to a purchasing company which will pay it in cash the amount of money which is out and give it first-mortgage bonds upon the whole amount, for whatever amount the road may be bid in, and then, under the act of 1878, whatever deficiency of satisfaction there may be of the rights of the United States, it may pursue its remedy by a creditor's bill against the defaulting officers, directors, and stockholders of these companies. And so we have got a better, clear, legal remedy, putting ourselves just in the position of a private individual, taking away from the case anything like any advantage which is given to us by being the Government of the United States—as mere ordinary individuals we possess greater rights for the enforcement of our demands upon the law as it stands to-day than we shall have under this act, and I challenge the gentleman in his reply to say where anything is given to us by the proposed bill which we do not now possess.

Mr. REILLY. If the gentleman will allow me, right there—

Mr. BOATNER. In a moment. I want to yield now to the gentleman from Ohio [Mr. NORTHWAY].

Mr. NORTHWAY. Suppose the question should come up, should the Government foreclose its mortgage and bid in the road or give its indebtedness outright, what would be your advice?

Mr. BOATNER. You mean for the Government to bid in the road and own it?

Mr. NORTHWAY. Own it if it is necessary to foreclose its mortgage.

Mr. BOATNER. It is hardly necessary to contemplate a contingency of that kind, because it can not be conceived that we should go begging for somebody to take a magnificent property like this.

Mr. REILLY. It is not worth its debt.

Mr. NORTHWAY. Some members are discussing just that question in their own minds with reference to voting for or against this bill. Suppose we beat the bill and leave the only remedy, that of foreclosure, what should we do?

The answer to that is this: It can not be conceived that if this road is going to be sold that it will not be properly sold. You know it is a constant practice for courts in decreeing foreclosure to order or to provide for its purchase by a purchasing committee representing all the parties in interest; and provision could be made in this case, if there was anything additional needed, by the court in ordering the sale. It would depend entirely upon the action of the Secretary of the Treasury. If the Secretary of the Treasury went and bid the full amount of the Government indebtedness and the first mortgage indebtedness, there might be a difficulty in organizing a company to take it off the hands of the Government; but if the Secretary of the Treasury would let it be known that he would not bid beyond so many dollars a mile, or so much altogether, a company could be organized for the purpose of taking the bonds to satisfy this debt to the Government of the

United States, and that order could be made by the court ordering the sale.

Mr. REILLY. I do not want to trespass upon the time of the gentleman, but I think my friend from Louisiana, to whom I have listened with a great deal of interest, will, upon a moment's reflection, see that he was mistaken in the statement he just made to the House, that on the application of the money in the sinking fund to the payment of the first mortgage, the United States would be subrogated to the rights of the first-mortgage bondholders. This money does not belong to the United States. It is not money of the United States Treasury. It is money that these companies paid in, and which is held by the Secretary of the Treasury as a trust fund for the purpose of paying out the first mortgage, and this sinking fund is to be used for this purpose. That is all.

Mr. BOATNER. I will refer the gentleman to an act of Congress—the act of March 3, 1887:

SEC. 4. That whenever, in the opinion of the President, it shall be deemed necessary to the protection of the interests and the preservation of the security of the United States in respect of its lien, mortgage, or other interest in any of the property of any or all of the several companies upon which a lien, mortgage, or other incumbrance paramount to the right, title, or interest of the United States for the same property, or any part of the same, may exist and be then lawfully liable to be enforced, the Secretary of the Treasury shall, under the direction of the President, redeem or otherwise clear off such paramount lien, mortgage, or other incumbrance by paying the sums lawfully due in respect thereof out of the Treasury; and the United States shall thereupon become and be subrogated to all rights and securities theretofore pertaining to the debt, mortgage, lien, or other incumbrance in respect of which such payment shall have been made. It shall be the duty of the Attorney-General, under the direction of the President, to take all such steps and proceedings, in the courts and otherwise, as shall be needful to redeem such lien, mortgage, or other incumbrance, and to protect and defend the rights and interests of the United States in respect of the matters in this section mentioned, and to take steps to foreclose any mortgages or lien of the United States on any such railroad property.

SEC. 5. That the sinking funds which are or may be held in the Treasury for the security of the indebtedness of either or all of said railroad companies may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of either or all of said companies, or in any of the first-mortgage bonds of either of said companies which have been issued under the authority of any law of the United States and secured by mortgages of their roads and franchises, which by any law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to either of said companies as provided by law.

Mr. REILLY. I admit that the \$40,000,000 is still there in the sinking fund, but this can not become segregated. The gentleman has stated that if the sinking fund was paid on the first mortgage it would become segregated, and the United States would become subrogated to the rights of the first-mortgage bondholder.

Mr. BOATNER. I find I was in error in that statement. The seventh and eighth sections of the Thurman Act provide how the sinking funds shall be disposed of and I admit that payment of first-mortgage bonds out of them would operate as a discharge, but the Government is not bound to pay those mortgages out of this fund, and may acquire them under the act of 1887, which I have just cited, the effect of which would be as I stated.

Mr. REILLY. I beg the gentleman's pardon. A bank in Chicago or California might have been made the custodian of this sinking fund, just the same as the Secretary of the Treasury. There is not a dollar of it that belongs to the Government of the United States, and the Supreme Court has so decided.

Mr. BOATNER. That is true, with this qualification, that in the case stated the companies might control the trust fund while here they have no right to do so, and the fund does belong to the United States to the extent that it possesses the absolute right to apply the fund to the payment of the debt which the company owes it and to those which are secured by a lien paramount to it.

Mr. NORTHWAY. I would like to ask the gentleman whether any of it can be applied without legislation.

Mr. BOATNER. If the gentleman will look at the act approved March 3, 1887, and the act approved in 1878, known as the Thurman Act, he will find that legislation does provide for the application of the sinking fund in the manner I have just stated.

Mr. NORTHWAY. It is stated on the other side that it can not be.

Mr. DUNN. I would like to ask the gentleman a question in reference to the question that was asked by the gentleman from Ohio [Mr. NORTHWAY], and which I do not think was entirely understood. In this ghost of a Government ownership of railroads which is reared up by some gentlemen who wish to prejudice the consideration of this case, is there any reason that the railroad could not be disposed of as other property would be disposed of under a judgment?

Mr. BOATNER. I think I have completely answered that question, and it is hardly necessary for me to repeat what I have said. I do not desire to occupy any further time, and yield the floor to the gentleman from Pennsylvania.

Mr. REILLY. I yield to the gentleman from Vermont [Mr. POWERS] as much time as he desires.

Mr. BOATNER. Mr. Chairman, before the gentleman from Vermont takes the floor, I ask the gentleman from Pennsylvania

to yield to me for just a moment. I am informed that I said just now that I would oppose the purchase by the Government of this railroad property under any conditions. I did not intend to say that. What I intended to say was that I was opposed to Government ownership of railways upon any condition.

Mr. REILLY. Permanent ownership.

Mr. BOATNER. Permanent ownership. I did not mean to say that the substitute which I have introduced would prevent the Government from purchasing these roads if that step should be necessary for the protection of its rights, but such a transaction would involve the immediate sale of the roads to private parties.

Mr. REILLY. Does the gentleman contend that the properties are worth anything like as much as the first mortgage and the debt to the Government?

Mr. DUNN. What difference does that make as to the rights of the Government?

Mr. REILLY. It makes no difference as to the rights of the Government, but it may make a difference as to the policy to be adopted in securing those rights.

Mr. BOATNER. If the property is not worth as much as the first-mortgage debt and the Government debt, why is it that these people are willing to agree to pay those debts?

Mr. BRECKINRIDGE. Because they own competing lines, and by owning these roads they can make more money off the others.

Mr. BOATNER. Some reports state that the property is worth the money; others that it is not. I incline to think it is worth the money; but if it is not, I think that the liability and responsibility of the men who have built the road, the men who have handled the funds, are such that if we nail them down to the proposition, "You must comply with the terms of your contract, you must pay the interest on your first-mortgage obligations, and you must pay your indebtedness to the United States as it becomes due, or else we will enforce all our legal rights against you," they will never default.

The Currency.

SPEECH

OF

HON. EUGENE J. HAINER,

OF NEBRASKA,

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 5, 1895,

On the bill (H. R. 8705) to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve, and to redeem and retire United States notes, and for other purposes.

Mr. HAINER said:

Mr. SPEAKER: It is now evident to every thoughtful observer that no solution of the great questions of finance confronting us will be reached by the Fifty-third Congress.

It is, perhaps, as well, too, that this Congress should as quietly as possible sink into oblivion without further vexing the country with any scheme of its devising.

No plan can afford assurances of success emanating from a source which does not command the confidence of the mass of our people.

The plain truth is, this Congress does not enjoy the confidence of any considerable portion of the nation. It has been repudiated more emphatically than any Congress ever convened. Its work is in derision, and no expressions other than of contempt for its capacity have yet been heard. Its final adjournment will be its only act generally approved, and this act will be an enforced one, for which it can take not the slightest credit.

The discussions now going on here and elsewhere may, however, serve as a thought suggester, stimulating the student, the practical business man in every field of human endeavor, and the patriot to evolve a plan upon which we may safely rest. Many contributions of value have been made to the store of information on the subject, and no better service can be rendered here than to place on record for comparison and considerate judgment the knowledge, experience, and best thought of earnest, successful, fair, brainy, patriotic men whose every purpose and interest is in the direction of such an issue of our difficulties as will insure the greatest good to the greatest number, and whose opportunities, life and character give weight to their opinions and judgment. As fairly representative of this class in my State are the gentlemen whose papers I append hereto and make a part of my remarks.

A PLAN FOR CURRENCY REFORM, BY C. F. BENTLEY, CASHIER OF THE FIRST NATIONAL BANK OF GRAND ISLAND, NEBR.

This paper is written in the belief that the power to issue currency can not safely be diffused, but should, at least to some extent, be centralized, if it is

to be exercised for the best interests of the people; that with a wide diffusion of the currency franchise secured by bonds will be lacking in flexibility, and currency not secured by bonds will be lacking in absolute safety, and will be more often used to subserve private ends than public good that the partial centralization of the currency franchise that exists in Canada can not exist here, because of differences in our banking systems; that the more or less complete centralization existing in Europe through the agency of large government banks can not be effected here, because the traditions of the people are opposed to such banks, but that a salutary degree of centralization can be best attained here by perfecting and perpetuating the greenback and supplementing it with a clearing-house currency for temporary use, when the ordinary supply is evidently insufficient.

In considering the subject of currency reform, the chief questions that seem to confront us are, how shall we make and keep our currency substantially uniform in character and value, and how shall we render it elastic, especially in great emergencies? The following plan is suggested as likely to promote both uniformity and elasticity:

THE PROPOSED PLAN.

1. Provide for the transfer of all business pertaining to Government issues of currency from the bureau of the Treasurer of the United States to a separate bureau—either to a new one to be created for the purpose, or to that of the Comptroller of the Currency. In this paper, for the sake of convenience, the existing bureau will be designated as "the Treasurer's bureau," and the proposed bureau "the currency bureau." Place upon the books of the currency bureau all the liabilities of the Treasury Department on account of circulating notes issued by the Government and transfer to it the custody or control of all reserves of metal held for the redemption of such issues. Place upon its books, also, the liability of the Treasury Department for all bonds hereafter issued for the purpose of paying the Government issues or for providing funds for their payment, and let the net liability of this bureau appear as a separate item in the accounts of the Treasury Department.

2. Retain the one and two dollar silver certificates now in circulation and issue in addition thereto one and two dollar certificates in lieu of all notes of those denominations now outstanding, covering the entire issue of such certificates as now by a deposit of silver dollars in the Treasury. The amount of certificates of these denominations, after the proposed change had been effected, would be about \$67,000,000. Provide for the further issue of one and two dollar silver certificates in exchange for deposits of silver dollars to such an extent as may, from time to time, be needed to meet the wants of the people for bills of these denominations.

3. In place of all remaining currency, including old legal-tender notes, Sherman notes, silver certificates, and national-bank notes, but excluding gold and currency certificates, issue a new Treasury note in denominations of \$5 and upward. The amount of these Treasury notes, after the substitution had been consummated, would be about \$975,000,000.

4. Require the new Treasury notes to be redeemed in silver dollars whenever silver dollars were demanded. When holders of such notes did not want silver dollars, give the Secretary of the Treasury the right to redeem them at his option, either in gold coin or in silver bullion at its current market value.

5. Provide for a reserve to protect these notes, fixing the minimum amount at 50 per cent of all outstanding notes in excess of \$20,000,000 until the amount outstanding reached \$800,000,000, and at 60 per cent of all such notes in excess of that amount. Require not less than 50 per cent of this minimum reserve to be in silver bullion or in silver coin at its bullion value; not less than 25 per cent in gold coin, and not less than 3 per cent in silver dollars.

6. Empower and direct the Secretary of the Treasury to maintain this reserve by issuing bonds, giving him ample discretion as to length of time and rate of interest. Authorize him to require such bonds to be paid for in the medium needed to restore the reserve to its legal condition. Empower him, also, whenever an unusually easy money market indicating a temporary redundancy of currency is accompanied by an increased demand for redemptions or increased exports of the precious metals, to issue in exchange for Treasury notes short-time bonds bearing a low rate of interest and payable in Treasury notes, keeping the Treasury notes so redeemed in the currency bureau, ready for use when needed in the operations of that bureau. These bonds might be made payable on short notice (say three to six months) at the option of either the holder or of the Treasury Department without fixing a date of payment, and some discretion might be given the Secretary as to the rate of interest. Authorize the Secretary, in a tight money market, when demands for the redemption of the Treasury notes had ceased, or had been reduced to a minimum, to pay these currency bonds without the required notes.

7. Allow the Treasurer's bureau to present Treasury notes to the currency bureau for redemption when necessary to obtain coin for the use of the Government, and permit it to deposit coin in the currency bureau in exchange for Treasury notes whenever it had the coin and could use the Treasury notes instead.

"Within narrow limits to be prescribed by law, permit transfers of funds from one bureau to the other to an extent necessary to neutralize such disturbances of the circulating medium as are caused by inequalities between receipts and disbursements of revenues. With these exceptions, forbid all intermingling of the funds of the two bureaus."

8. Prohibit the further issue of the national-bank note and provide for the ultimate retirement of all such notes now outstanding.

9. Permit the banks in the larger cities to associate themselves in corporations to be known as "consolidated national banks," requiring the consent of a majority of banks in any city before permitting the organization of such a bank in that city. Give any "consolidated national bank" the right to issue currency in emergencies whenever a certain majority of its constituent banks asked for and the Secretary of the Treasury approved of the issue. Limit the amount of such issues to a certain percentage of the capital and surplus of all the constituent banks, and make all such issues the first lien on all assets of both the consolidated bank and its constituent banks.

10. Forbid the consolidated bank to use the currency issued by it except by way of loans upon collateral to some one or more of its constituent banks.

11. Place a tax on the circulation issued by such consolidated banks of such an amount as to absorb the greater part of the profits to be derived from its issue and to insure the retirement of such currency as soon as the money market became easier.

12. Require the consolidated banks to maintain in the currency bureau a redemption fund equal to 5 per cent of their circulating notes on a plan similar to that now in force with regard to our present national-bank circulation.

13. Place the taxes collected on such circulation in the United States Treasury to the credit of a special redemption fund; provide that this fund shall belong to the United States, but permit it to be used to redeem the notes of banks that fail to keep their redemption funds good, and provide that the Treasury Department shall collect from the banks in default the amount of the notes so redeemed.

ASSUMPTIONS ON WHICH THIS PAPER IS BASED.

Before proceeding to the consideration of the advantages of the plan outlined above, and without attempting to discuss the question of bimetalism, it may for the purposes of this paper be assumed that, considering the vast

products of our silver mines, considering that we are a debtor nation likely to be called upon at times to purchase vast quantities of our securities now held abroad, and considering that we are a large nation, occupying a vast territory and having legitimate use for an enormous amount of currency; it is not best for us to depend upon gold alone as the basis of our circulation; and, on the other hand, it may in like manner be assumed that for the present at least the free coinage of silver is not consistent with practical bimetalism, but must result in silver monometallism and is therefore to be avoided.

OUR PRESENT GOVERNMENT ISSUES.

Let us take a brief glance at our currency as it is. The public has long been aware that our present monetary system, if system it may be called, is full of incongruities. Originating in a great national emergency, it has been modified from time to time, as other emergencies have arisen, so that instead of manifesting a harmoniously developed plan it is seen to be the outgrowth of varying circumstances and of conflicting motives and theories. In consequence it comprises features that are almost contradictory in their character. This lack of uniformity has in the past been made the subject of frequent adverse comment, and is to-day the just cause of serious foreboding.

Of the currency that is issued by the nation one part represents a vast store of silver coin, another part a large amount of silver bullion, and still another portion is covered in part by a reserve of gold—a reserve, however, with practically no adequate provision for its maintenance. Under such circumstances, and with unprecedented fluctuations in the ratios subsisting between the values of the precious metals which cover the different classes of currency, it would have been marvelous if some doubts had not arisen as to the character of the medium in which redemptions would finally be made; and, however reassuring the repeal of the Sherman law may have been, the uncertainty resulting from the lack of uniformity still remains to vex and disturb our commerce.

FLEXIBILITY.

It is hardly necessary to make any comment at the present time as to the necessity for a certain degree of flexibility in our currency. The panic of 1893, with the urgent need for currency that then existed and the devices that were resorted to for the purpose of providing substitutes, is still fresh in our minds. There are, it is true, those who imagine that the volume of currency should bear some arbitrary ratio to the population; but, in fact, the volume of currency needed in any community, in addition to that part of it which is used as a store of value, must be proportionate to the volume and character of those transactions which require currency for their consummation rather than to the number of inhabitants in the community.

As these transactions vary, and as greater or less use is made of money as a store of value, the amount of currency needed varies. A familiar illustration of the variation in the amount of currency needed is afforded by the demand for currency for moving crops. This demand, however, is generally local and can generally be supplied by moving currency from one locality to another. But the increased demand for currency is not always local. In times of financial distress following periods of inflation, when credits have become uncertain and checks and drafts fail to discharge their ordinary functions in making exchanges, and when a large part of the community sees fit to make an unusually large use of money as a store of value, not only is there a smaller amount of currency than usual available for the work of effecting exchanges, but the work to be done by this decreased amount is largely increased.

At such times there is a legitimate use for a much more abundant supply of good money. And when, during such a period, any considerable part of our circulating medium is used in the settlement of foreign balances, the need of additional currency becomes imperative. When, however, the crisis is past—when values have declined and transactions are fewer in number and less in amount—when domestic exchanges are reduced in volume, when foreign exchanges are again in our favor, when money is no longer hoarded and checks and drafts resume their wonted functions in effecting exchanges, then the former supply of currency is not only adequate, but often temporarily excessive. The wants of the community in such cases are therefore met by a temporary addition to the currency. How to provide this temporary addition without permanent inflation is one of the problems of a flexible circulation.

We must here note the sharp distinction that exists between those local stringencies which are a result of insufficient capital or unwise speculation, and which occur when the national supply of money is abundant, and those stringencies which clearly indicate that the people's stock of money is either temporarily or permanently insufficient. It is clearly the duty of the Government to enact such measures as are calculated to result, either directly or indirectly, in supplying the nation with an abundant stock of money, but it can not guarantee that every individual or every locality shall at all times be able to control such portion of this supply as may seem desirable. If every locality and every bank that finds its stock of cash inadequate while the nation at large has currency in abundance should be permitted to supply its wants by a further issue of bank notes, there might be some force to arguments in favor of granting a similar privilege to every individual who is in embarrassed circumstances, or who is attempting more than his capital warrants, and the Populist subtreasury plan might not be unworthy of serious consideration.

DIFFICULTIES IN THE WAY OF PROCURING A FLEXIBLE CURRENCY THROUGH THE TREASURY.

As to the currency issued directly by the nation it must be noted that the Treasury Department has been restricted to very few means for either placing money in circulation or withdrawing it from circulation. It is true that at times the Treasury has given some relief to the money market by the purchase of bonds, by anticipating payments of interest, or by placing funds in the depository banks, but as a rule its ability to add to or draw from the general circulation has depended upon its revenues and disbursements, means which generally are beyond control and are rarely available at a time when the wants of the public in this regard are the keenest, and which at times tend to aggravate rather than to mitigate the disorders of the money market.

The system of short-time bonds, bearing a low rate of interest and exchangeable for Treasury notes, which is suggested in this paper, would doubtless go far toward rendering the national issues more flexible; but there is no absolute certainty that such bonds, if issued, would, in times of panic, be found in sufficient amounts in the hands of those who would exchange them for Treasury notes, and who would use the currency received for them in meeting the wants of the people. It would seem, therefore, that we can not depend entirely upon the Treasury for a flexible currency, and must look to some other agency for it. The only agency that suggests itself is the banking system of the country.

PRESENT NATIONAL BANK CURRENCY NOT SATISFACTORY.

But the national-bank currency as it now exists is, in respect to flexibility, anything but satisfactory, and, in fact, it fails to give full satisfaction from any point of view, except that of safety. Designed originally to furnish a market for the nation's bonds, and at that time affording the banks oppor-

tunities for making a profit from their circulation, the national banking law resulted in furnishing the people with a large amount of safe paper money, and in instituting and perpetuating to the present date a system of commercial banks that have become noted for their success and safety. But it has long been apparent that the national banking system, so far as the circulation is concerned, has ceased to be of advantage either to the Government, the people, or the banks. That it is a source of profit to the United States, as compared with the issues of United States notes, is a proposition that it would be very hard to maintain; that it is not a source of satisfactory profit to a large majority of the banks is evident from the fact that so many have failed to issue the maximum amount of currency allowed by law; that it has failed to furnish the people with an abundance of currency when most needed is evident from the very moderate increase in national bank circulation that occurred during the panic of 1893.

While the opponents of the national banking system have criticised it for the reason that it gave to the banks, almost gratuitously, an extremely valuable franchise out of which they were enabled to make large profits, the national banker of late years has looked in vain for such profits, and has begun to open his eyes to the fact that the franchise virtually belongs, not to the organizers of a bank, but to the holders of United States bonds who, in an ordinary money market, can often make a careful computation of all the profits likely to accrue from the issue of bank notes, and then collect from the would-be national banker a premium on the bonds that very nearly absorbs such profits.

As a consequence many national banks have been in the habit of buying the minimum amount of bonds that the law requires them to hold, issuing a proportionately small amount of circulation notes, and when an urgent demand has arisen for more circulating it has been found that the difficulties and delays that stood in the way of acquiring the necessary amount of bonds and getting the desired circulation have been such as to prevent the timely issue of an adequate amount of notes. That from April to September, 1893, a period which embraced weeks, even months, of the most acute financial stress and panic, we were enabled by means of the national-bank note to increase our total paper currency but a little over 3 per cent; and that during that period the banks in our large cities were obliged to resort to the clumsy, inadequate, and somewhat questionable, though under the circumstances no doubt justifiable device of the issue of clearing-house certificates, is ample evidence of the inefficiency of the national banking system as a means of providing the people with currency when needed.

RECENT PLANS FOR AMENDING THE NATIONAL BANKING LAWS.

These considerations have led to a very general desire for improvement in our monetary system, and of late many plans have been suggested for the amendment of the national banking laws. In this connection much confusion has arisen in popular discussions, through confounding different kinds of paper money. We have had inconvertible paper money, like the greenbacks before resumption, and like the bills of solvent banks during suspensions of specie payments. We now have convertible legal-tender Government issues that perform all the functions of money throughout the nation and that it is hoped will always continue to be, as now, instantaneously convertible into the equivalent of the money of other nations.

We have also the national-bank notes, so thoroughly secured that they enjoy full credit everywhere and circulate as freely as the national issues. Then there are the emergency currencies like that of Germany, intended for temporary use when the ordinary stock of money seems insufficient. Most of the issues just mentioned may be assumed to be intended to supply the general demand for a circulating medium, or at least they perform that function so thoroughly that that may be assumed to be the chief object of their existence. Besides this, however, there is what may be termed local currency—currency issued chiefly for the purpose of supplying local wants, caused by lack of sufficient local capital. The fallacy of many current arguments will be found to consist in making deductions from premises that may be true as to one class and applying the conclusions to another class.

And here it may be remarked that the evils resulting from the repeal of the 10 per cent tax and the revival of a State-bank currency that, while discredited away from home, would supply local wants, might possibly be less than those resulting from an attempt to lower the standard for the currency of the entire nation, in order to make it possible for localities to supply deficiencies in capital by currency issues.

Without attempting to make a thorough analysis of all recent plans, it may be noted that their prominent features have generally been the abolition of the Government issues either wholly or in part and increased issues of national-bank notes. It has been proposed to protect these bank issues either by the guaranty of the Government by a safety fund accumulated by tax on circulation, by the guaranty of banks collectively, by the deposit of greenbacks, or by the deposit of a new United States bond bearing a low rate of interest. It has also been suggested that in addition to the currency ordinarily issued the banks at large should be authorized to issue an emergency currency, subject to a sufficiently high rate of taxation to insure its withdrawal after the emergency which had called it forth had ceased to exist.

There are many objections to all these plans. In the first place, it does not seem as if the people of the United States would for a moment approve any plan that contemplated the guaranty by the Federal Government of the liabilities of any private corporation unless, as is the case with the present national-bank notes, the Government held unquestioned security. In the next place, a full guaranty by the banks collectively of the liabilities of the individual banks, no matter how well guarded, would have a tendency to drive strong banks out of the system; and this tendency would increase in times of panic when larger supplies of good currency are most needed, for the reason that doubts as to general solvency are then the greatest. If the guaranty were anything less than full and complete there would always remain an undesirable element of uncertainty as to the solvency of the individual banks and consequently as to the value of the currency.

It is useless to say that the experience of the last thirty years shows that a certain light tax on the total circulation would provide a fund sufficient to guarantee the notes of all failed banks. The privilege of issuing notes under some of the proposed systems, when compared with the like privilege under the old system, would be so much more attractive, especially to the weaker banks, both as to profits and as to opportunities for expansion and for relief from the consequences of injudicious banking, that statistics gathered under the old system would be practically worthless for purposes of comparison.

Our experience with our present banking system ought to show the futility of depending for our circulating medium upon issues secured by any specific class of securities. There is no certainty that the proposed bonds would be sufficient in amount for the purpose, or, even if sufficient at the present time, that the supply could be maintained in sufficient abundance for future wants, or, even if always maintained in sufficient abundance, that they would always be available when needed. If bonds were issued at a price that would attract investors, regardless of the currency franchise attached to them, holders of such bonds would be enabled, as now, to charge prospective bankers such a premium as to absorb the profits on currency and thus tend to prevent its issue.

If they drew interest at a rate that made them remunerative only when the currency franchise attached to them was taken into consideration it

would be difficult to find a market for them outside of those who wanted them for banking purposes. In any event the banks would always labor under the difficulties that attend the procuring of the bonds just at the time they are needed, and if intended as a basis for an emergency currency there would be little inducement for banks to use such currency, for the reason that they would, as now, have to advance the money to buy the bonds before they could get the currency, and, although by so doing they added to the total stock of money, they would do so at considerable inconvenience and with little or no direct advantage.

We must not overlook the fact that a strong tendency against the diffusion of the power to issue currency exists in other countries, and the further fact that there are good reasons for this tendency. If the object of diffusing the right to issue currency is, as alleged, to enable banks to supply the people with necessary currency according to the legitimate demands of trade, then it may be noted that many of the plans that have recently been suggested are more likely to accomplish other purposes than this. The issue of currency under reasonable guarantees for its safety, but without the pledge of some specific security, accomplishes two objects.

In the first place, it mobilizes, extends, and strengthens the use of the issuing bank's credit. In the next place, it adds to the people's stock of money. Now, it is reasonable to suppose, where the currency franchise is widely diffused, that each bank will use the right to issue currency as prompted by its opportunities or necessities, and in order to defend such diffusion it is necessary to assume that these necessities and opportunities will be coincident with the actual need for an increase in the circulating medium. It is contended that such an assumption is not justifiable, but that the right would often be used to foster unhealthy local speculations or to ward off the logical consequences of injudicious banking, even when the nation's supply of currency was redundant.

Centralization of the currency franchise, on the contrary, when honest and capable men control it, not only does not prevent a prompt response to the nation's wants, but increases the probability that issues will be made solely in response to actual need of increased circulation. The greater publicity attending its use when centralized, the superior skill of those likely to be charged with its exercise, and the increased opportunities they will have for a commanding view of the whole field of national commerce, all tend strongly to prevent its use except in strict accordance with the public good.

Another objection to most of the recent plans lies in the fact that no provisions are made for the separation of the currency reserves from the deposit reserves, so that when large demands for redemption spring up, deposit reserves are likely to be depleted, resulting in serious embarrassment to commercial interests.

But the chief objection to all of these plans lies in the fact that they contemplate the abolition of the Government issues.

REASONS FOR PERPETUATING THE TREASURY NOTE

The greenback is to-day being tested under circumstances more trying than any that have attended it since the resumption of specie payments. These circumstances, however, are largely the result of injudicious legislation. The endless chain of redemptions which now draws the gold from the Treasury is not a necessary concomitant of Government issues, but is only an unfortunate phenomenon attending the present conjuncture of a temporarily redundant currency, a heterogeneous and inadequate reserve, and a deficient revenue. In spite, however, of the present unsatisfactory condition of the Government issues, and in spite of the difficulties that attend any attempt to place them on a more rational basis, it must not be forgotten that their good qualities and the esteem in which they are held by the people are such as to make any attempt to abolish them or to put any other currency in their place not only unwise but, it is to be hoped, impossible of attainment.

Based upon the faith of a nation of unbounded resources and accepted as the safest possible currency for all domestic transactions, if they were unified and if ample provisions were made for the redemption in a stable medium of that small part of the currency which is at times needed for the settlement of foreign balances, and if, besides, some reasonable degree of flexibility could be given them, they would form an ideal currency, with the exception that the transactions of the Treasury do not come in such close touch with the people as to make its issues always responsive to their need.

In great emergencies almost every nation has been compelled to resort to large issues of paper money—issues either made directly by the nation itself or indirectly through some large banking institution bearing intimate relations to the Government. As the policy of this country is averse to a large Government bank it will readily be seen of what vast advantage it may be to the nation in some great emergency if it has a sound and well-defined policy in regard to its issues of paper currency. It is worth while, then, to make every effort to perfect and perpetuate these issues, and even if they can not be made to meet every want, we should hesitate to endorse any plan, no matter what its apparent merits, that contemplates their abolition.

MONEY SYSTEMS OF OTHER COUNTRIES

The problem of furnishing an emergency currency seems to be subject to special difficulties in this country, for the reason that conditions vary to such an extent that the experience of foreign nations does not always furnish us a precedent that we can safely follow. In Canada a few large banks, with many branches, transact the business of the country, and the responsibility for the proper use of the powers entrusted to them rests in comparatively few hands. Because, under these conditions, a certain system is successful, it does not follow that it would meet with like success in this country, with its thousands of small banks, among which the personal responsibility for the proper use of the power to issue currency would be divided to such an extent that it would practically disappear. And the same distinction may be made with still greater force when we consider the possible adaptability of systems in which there is still greater centralization of the currency franchise, as in England, Germany, and France. Arguments based on the systems employed there are evidently inapplicable here.

But not only are we unable to solve the problem by incorporating into our system of small independent local banks those features which are attended with success when the currency franchise is monopolized by a large Government bank, or is distributed among a comparatively small number of large banks with numerous branches, but we are practically unable to reorganize our banking system so as to make either the large Government bank or systems of large branch banks a part of it. It would take vigorous and persistent effort to domesticate the branch banking system in the United States, and a large Government bank is equally out of the question.

Occupying commanding positions in the world of commerce, managed by men of large experience and acknowledged integrity and ability, standing in direct contact with the business interests of the people, and possessing almost a monopoly of the currency franchise, the great Government banks of Europe are enabled to discharge the responsible duty of regulating the currency supply with far greater precision than is possible where the currency franchise is widely diffused. And they do more than this. As custodians of the Government deposits they prevent the derangements of the money market which result from the locking up of currency when revenues

are in excess of disbursements, and they are able to render temporary aid to the Government when revenues are deficient. But the traditions of this nation are in favor of an independent Treasury, and decidedly opposed to a colonial bank, possessing a monopoly of the currency franchise and receiving and disbursing the Government revenues. And this sentiment is doubtless salutary. As a result of existing laws and customs there is already great centralization of power in the hands of the few, and the people may well hesitate to delegate to gigantic corporations those powers which can be safely exercised by the nation.

THE PROPOSED PLAN FOR EMERGENCY CURRENCY AND ITS ADVANTAGES.

If, then, we conclude that the responsibility of inflating or contracting the currency can not safely be divided among thousands of small banks; if the sentiment of the people forbids the creation of another United States Bank; if the Treasury can not always supply our demands when they become urgent; if, as is the fact, our distance from and our relations to the nations of Europe make it at times both difficult and costly to have our wants supplied by them, to what source can we look when the demand for additional currency becomes imperative? We find our question practically answered by the action of the New York clearing house in issuing its certificates.

The legality of the clearing-house certificate, it is true, has been called in question, but if it is a good thing let it be legalized. It was faulty in that it formed a currency that could not be put into general circulation and that was inferior in other respects to that in general use, but had the law permitted it a better currency might have been issued; one that would have been far more effective in accomplishing the task that the clearing-house certificate was intended to perform. But with all its faults and inconveniences it served a good purpose, and the banks of New York are entitled to the thanks of the nation for their courage and skill in employing it.

The plan suggested above in regard to an emergency currency, it will be seen, is practically the clearing-house certificate in the form of bank notes, with provisions for turning into the Federal Government, in the form of taxes, the profits to be derived from its use—its retirement, when not needed, being provided for by means of taxation.

It is believed that such currency would be safe beyond question. It would, indeed, be a grave and unusual financial disaster that caused all the banks in any locality to become insolvent, and it is not to be supposed that a majority of the banks of any one city would be willing to jeopardize their own interests by lending the currency to competing banks on anything but good security; besides, it is hardly to be imagined, in case of general insolvency, that the total assets could fail to pay the note holders if they were preferred creditors, especially if the maximum amount of currency was limited to a fixed percentage of the total capital and surplus.

It is not thought that any system of currency or banking can save the community from the penalty of excessive speculation; but it is believed that timely issues of currency will mitigate the hardships that liquidation necessarily brings with it; and it is thought that, if such a system as is outlined in this paper had been in existence prior to 1893 many of the most distressing features of the panic of that year would have been avoided. If the consolidated banks of New York, of Chicago, of St. Louis, and of other large cities had been empowered to issue currency, based on the value of their combined assets, there is little doubt but that such currency would have been issued in abundance and would have passed into general circulation and that the action of the banks issuing it would have met with the grateful approval of the nation; and the mere fact that the banks of the larger cities were empowered to issue such currency would have rendered it possible for them, without any sacrifice of prudence, to have adopted a much less rigorous policy than they were forced to adopt. At the same time necessary liquidation would have been no less complete, since the tax on the currency would have compelled its retirement and thus would have brought about liquidation. The currency would have been used, not to promote speculation or to sustain unsound interest, but to ameliorate the harsher features of the panic by making liquidation more gradual, though none the less certain and effective.

SILVER.

It is not intended to discuss the question of bimetalism, but the silver question can not be overlooked in this connection. Whether the present low price of silver is due to the deliberate action of certain countries, or to natural causes, or in part to both, and to what extent the depression in the price of silver could be relieved by free coinage in the United States, are all questions of importance, but, as has already been said, it is assumed for the purposes of this paper that free coinage of silver in the United States at the present time must result in silver monometallism. There is but little prospect that there will be an opportunity for testing the theory of the more conservative bimetalists, who hold that a given ratio can be maintained by international agreement.

The history of hundreds of years has shown divergencies from the various ratios fixed by law—sometimes in favor of one metal and sometimes in favor of the other, and the doubt may well arise whether such divergencies can be avoided; but the most important fact and one that we dare not ignore is, that to-day we are confronted by an enormous discrepancy between the commercial ratio and that which appears on our statute books—a variance so great as to make prudent men hesitate to attempt to close the gap by the mere fiat of law. But because the country is not prepared to attempt the experiment of free coinage, it does not follow that we ought to fly at once to a monetary system in which bank notes and gold are the only currency and thereby force ourselves either to trade with a narrower supply of the precious metals as the basis of our dealings or to sacrifice our securities and commodities in order to obtain a larger supply of gold.

To do so, in the opinion of the writer, would be to increase the probability of widespread bankruptcies and panics, and to cause a further decline in general prices, deprecating still further the Treasury's silver and doing great injustice to our silver interests. Certainly, if use can be made of silver in the Treasury as the basis of our circulating medium without threatening its stability, we ought to so use it, rather than by its issue incur at once the loss resulting from its depreciation and the risks attendant upon contraction, or upon trading on too narrow a margin of the precious metals. But besides utilizing silver largely for the Treasury note reserve, the plan suggested in this paper contemplates the free use of the silver dollar or its representatives—the one and two dollar silver certificates for all the smaller transactions of every day life, giving them a monopoly of the paper currency of these denominations. The five dollar note, for the purpose of outlining this plan, is classed with the larger notes that would form in amount by far the

*Mr. D. G. Ambler, president of the National Bank of the State of Florida, Jacksonville, Fla., in a paper published in the proceedings of the nineteenth annual convention of the American Bankers' Association, outlined a plan for the use of clearing-house certificates as a circulating medium similar to that advocated in this paper. Not long ago Mr. Henry W. Yates, president of the Nebraska National Bank of Omaha, Neb., drafted a bill to enable clearing houses to become the agencies through which emergency issues of Treasury notes could be placed in circulation. This bill was introduced in the United States Senate by Senator MANDERSON.

greater part of our paper currency. If the five-dollar notes were placed in the same category with the ones and twos a larger use for silver would be provided. Much might be said in favor of such classification.

PROPOSED GOVERNMENT ISSUES AND RESERVE.

The new Treasury notes, as has been remarked, would form the great body of our ordinary paper currency. They would be supplemented on the one hand by the small silver certificates and on the other by an emergency currency to be issued by the joint action of the banks in the larger cities as occasion required. The reserve contemplated is already in the Treasury, with the exception of a moderate amount of gold. It is contended that the large silver reserves now in the Treasury may, by means of the plan indicated, be utilized so as to assist, to a very large extent, in supporting and maintaining a stable and uniform currency. The option that the Treasury would possess of paying in silver at its market value, it is thought, would be of great value in the occasional emergencies when it becomes necessary to consider the desirability of its use, and its mere existence might, on occasion, prevent attempts to make raids on the Treasury's gold; and when the Treasury was actually compelled to avail itself of this option, no violence would be done to the stability of the value of the currency or of the vast volume of securities payable in currency.

CURRENCY BONDS.

While Government issues can never have that degree of flexibility which can be obtained in a great Government bank, without making a revolution in the functions of the Treasury that would doubtless be productive of more harm than good, yet a certain degree of flexibility may be attained by redeeming these issues in bonds and in turn redeeming these bonds in currency. It is true that this idea, which is not a recent one, has been a favorite with the flat-money men. It is to be noted, however, that there is a vast difference between those plans of the advocates of flat money which would provide bonds as the sole means for redemption and a plan which provides for redemption in specie and offers an issue of bonds as an alternative. Again, it must not be forgotten that there is a still greater difference between a plan that would pretend to pay a bond in paper issues that in turn could only be redeemed in similar bonds, and one that pays off bonds in paper issues that are themselves redeemable in the precious metals and that would pay the bonds in paper issues only because commerce demanded the paper currency for immediate use.

Admitting the right of the Government to avail itself of the benefits of the circulation of its noninterest-bearing Treasury notes among its citizens as money, it can not be denied that when the people do not want to use these notes or any given quantity of them as money the Government should either pay them in coin or give its interest-bearing obligation instead. And when, in turn, its citizens find that they can once more make profitable use of a larger amount of these noninterest-bearing notes as money the surrender of the bonds in exchange for Treasury notes would be most natural and, moreover, profitable to both parties.

A SEPARATE BUREAU FOR THE NATIONAL ISSUES.

The advantages and disadvantages of a paper currency issued by the Government or by the banks, with suitable provisions for its safety, and the limitations that attend its safe and profitable use are understood with a reasonable degree of certainty and unanimity.

A limited amount of Government legal-tender notes, if receivable for all demands of the Government, could be floated successfully at par, even if no provisions were made for their redemption in coin. A much larger amount can be floated at par without demands for redemption becoming so frequent as to be embarrassing, provided suitable provisions are made for its redemption in coin, and provided the amount issued is so limited that it does not, at any time, become excessive; but when such issues do become excessive, or even when they are large without being clearly excessive and the provisions for redemption are inadequate, then demands for redemptions are likely to be so great as to prove embarrassing, and when, in addition to excessive issues and inadequate reserves, other causes, like the demand for coin for export, supervene, then embarrassment may turn to disaster.

It is necessary, therefore, when a large amount of Government issues is in circulation, to know not only that they are covered by an apparently adequate reserve, but that this reserve will be maintained, and it is therefore desirable that this reserve shall be definitely set apart for their protection, and it is also desirable that some provision should be made for their temporary retirement when temporarily excessive. It is equally desirable that such retirement shall not result in permanent contraction. That the people may know exactly the condition of these issues and their reserves, and that their permanence and the permanence of their reserves may be insured, it becomes desirable to separate all transactions connected with such issues from all other transactions of the Government, to the end that excessive issues presented for redemption may not be paid out again for ordinary disbursements, and that funds set aside to protect them may not be used in like manner. It is also desirable that currency temporarily retired shall be ready for reissue when needed. It is with these thoughts in view that a separate bureau for Government issues is recommended.

The same individuals may own a bank and a factory, but ordinary business prudence suggests that each be incorporated separately, to the end that each may be measurably independent of the other; that the bank, for instance, may maintain its cash reserves, even if the factory is hard pressed for funds. By a similar separation the credit of the Treasury issues might be maintained, although a deficit in the revenues made new loans necessary to meet current expenditures or even threatened delay in making ordinary disbursements.

It has been noted that the independent treasury is at times a menace to the peace of the money market by locking up currency when revenues are largely in excess of disbursements. If the independent treasury is to be maintained some provision should be made to prevent such occurrences. It is thought that transfers within narrow limits to be prescribed by law, if made with discretion, might remedy this evil without jeopardizing the integrity of the reserves. Surplus revenues could be transferred to the currency bureau, to be used there in redeeming currency bonds, thus preserving the equilibrium of the money market. And whenever it became necessary to use the revenues so transferred currency bonds could be reissued and the proceeds retransferred to the Treasurer's bureau without disturbing the money market, as the Treasury's disbursements would go back into circulation to offset the withdrawals of currency caused by the sale of the bonds. Other transfers between the two bureaus might possibly be desirable, but all such transfers would have to be closely limited by law in order to insure the integrity of the reserve.

OBJECTIONS.

It may be urged in opposition to the proposed plan that it neither provides for local expansion in response to ordinary fluctuations in local wants, nor does it make provision for an increase in currency to keep pace with the increased demand that may be reasonably anticipated as the passing years add to our population, to our wealth, and to the volume of our trade. As to the first of these objections attention may once more be called to the probable unwisdom of subdividing the power to inflate or contract the currency

to such an extent as to place it where the thought of general responsibility to the public for its use vanishes, and the mere question of profit and loss is likely to become paramount in deciding the times and amounts of such issues. Besides this consideration, it must be remembered that currency can be moved cheaply and readily from place to place within this country, and with an adequate currency legitimate local wants can generally be supplied from the nearest money centers at a very small expense.

As to the second objection, it may be said that as the demand increases we may reasonably expect a proportionate increase in our stock of gold and silver coin, and if such additions were not sufficient to supply the demand that fact would probably be indicated by a resort to the issue of emergency currency. If for a series of years no use was made of such currency, it would be reasonable to infer that our circulating medium was ample for our wants. If, however, we were obliged to resort to its issue on frequent occasions, it would not be difficult to ascertain the causes that led to its use, and if it were found that our circulating medium was actually insufficient in volume, it would be neither difficult nor unwise to meet the want by a further issue of Treasury notes, provided they were issued in pursuance of a safe, well-planned, and thoroughly understood policy.

Objections will be made to the retention of the greenback issues on account of the grave complications in which they have been involved of late, but it must be remembered that since resumption no serious attempts have been made to place them on a more rational basis, but that all legislation in regard to them has been of a character to bring about the very difficulties which now attend them, and that the resulting defects are now unjustly charged to them as inherent.

Of course, doctrinaires of the "laissez faire" and the State rights school will raise the question of the proper functions of the Government and will claim that the issue of currency is not a proper function of the Federal Government, nor indeed of any Government. The question of constitutionality has fortunately been decided, but as to other objections of this character it may be said that a common-sense view of the question would be that we can safely let the Government do whatever it can do better than we, as individuals, can do, and that we must prefer to have it relegate to individuals or associations of individuals that which they can do better than the Government. This will leave the greenback question to be decided on its merits. As far as Government issues can be made superior to bank issues let us have the greenback, and beyond that point let us have a good bank currency. It is the object of this paper to try to show that the greenback, as far as the great bulk of our paper money is concerned, may be freed from most of its defects, and may be made more serviceable to the people than any bank currency that has yet been suggested.

CONCLUSION.

The plan outlined above may be and doubtless is defective in some of its details, and it is possible that further and fuller consideration may bring to light serious obstacles to its adoption. Everything connected with the question of a circulating medium seems to be fraught with difficulty, and the difficulties attending the solution of the question under the anomalous conditions now existing in this country are greater than ordinary. But however defective the details may be, it is the writer's firm conviction that issues of Government paper money must and by rights ought to continue, that it is essential to the welfare of the people of the United States that these issues should be unified, and that some permanent, harmonious, and well-developed policy should be adopted for their constant protection by means of an adequate reserve, and for the redemption, in a stable medium, of such parts of these issues as may be needed for the settlement of foreign balances, and that such issues should be supplemented by an emergency currency to be issued under Government supervision by the joint action of the banks in the larger money centers.

OUR PAPER CURRENCY.

Since the presentation of the so-called "Baltimore plan" for a national currency, and the countenance it received from the President and Secretary Carlisle, the country has been surfeited with currency discussion and Congress overwhelmed with currency plans, every one of which, it is believed by its projector, will relieve in its operation the existing financial difficulty and prove more beneficial for the interests of the general public than the system we now possess. Notwithstanding the fact that the present system has been in operation for more than a quarter of a century, and covers decades which it is conceded are remarkable for extraordinary national growth and prosperity, the writers and financiers whose plans and papers have secured the most prominence join in the demand for the retirement of the Government legal-tender notes as a condition precedent for successful financial reform.

It is claimed that the Government must go out of the banking business, accepting as granted that the supplying of a nation's currency is a prerogative of banking and not—as it is—one of the highest functions of government. It only becomes a banking privilege when it is conferred by Government and is only then exercised by banks in a representative capacity.

It is also claimed that our present paper money lacks the one essential element of elasticity, which is undoubtedly true, but the elasticity which is needed and is lacking is very different from that suggested and provided in most of these currency plans. Two clearly distinct and opposite modes of treatment are suggested in the formation of a new currency to remove the defects existing in the present system.

THE EXPANSION SCHOOL.

One class, which may be called the expansion school, favors the adoption of a scheme in which the notes shall be issued by banks upon the security of their own means, limited in volume only by the amount of capital that may be shown and the amount of such notes which may be floated upon a confiding public. It should be evident to everyone that this would provide elasticity in one direction only, which would continue until the inevitable crisis was reached, which would burst the bubble and destroy the system.

THE CONTRACTION SCHOOL.

Another class, which may be called the contraction school, and in which it must be admitted is included some of the most eminent financiers of the country, favors the retirement of all Government notes by funding them into long-time interest-bearing bonds, and this it is believed can be accomplished by means of a popular subscription. Slight consideration seems to be given to the immense contraction of capital this plan would occasion if successful, and the severe drain it would necessarily cause upon the deposits of all classes of banks, but especially savings banks. It is asserted that this admitted contraction will be offset by the increased issue of national bank notes, based upon the security of these bonds; and the national-currency law is to be amended so as to permit of a larger ratio of circulation upon the bonds deposited.

It is by no means certain that there would follow a largely increased issue of bank-note circulation. With the withdrawal of the legal-tender notes and the relieving of the Government from the responsibility of maintaining redemption a new and unaccustomed obligation would devolve upon the banks,

that of redeeming their circulation in gold. Cautious and perhaps overconservative institutions may conclude that the risk would be greater than the possible profits to be derived, and decline to take out circulation, just as many banks now issue no circulation, although the liability for redemption is reduced to a minimum. Granting, however, that these notes may be supplied in volume equal to the Government notes withdrawn, what public interest would be served by the substitution? The notes would still have for their security only the public credit represented in the bonds, and to the ordinary mind no good and valid reason would exist for the transferring of this note-issuing privilege to private corporations, with its resulting profits at the public expense, in face of the fact that it has heretofore been exercised directly by the Government at a trivial expense for the benefit of the people, and may continue to be so exercised.

WEAKNESS OF PRESENT SYSTEM.

The foundation for the proposed changes exists in the fact that experience has demonstrated the inadequacy of our paper-money system to meet certain infrequently occurring financial conditions. This weakness is inherent with all paper-money systems that have heretofore existed. The world has not produced a more successful system than our own, in which the currency is based entirely upon public credit and maintained in a volume which overshadows in its magnitude all other successful paper-money systems. The large experience we have gained as a nation during the years of paper inflation should enable us to discern what is required to improve or remove defects, and the correction should be applied to the existing system, rather than at the first manifestation of these defects that we should proceed to destroy the entire financial fabric and substitute for it some new and untried methods.

The quality of elasticity when applied to money should have but one signification. A rubber ball is elastic, but it can not exceed in expansion the limits of its circumference, although it may be contracted at will. Gold is the most elastic of all currencies, and yet its aggregate volume can only be expanded in the comparatively small amount annually produced, which is largely set by what may be lost and destroyed or used in the arts and sciences. In no manner can its value be increased or diminished by a business demand. In this respect it is inflexible, and it is this quality which constitutes it the universal standard by which all other things are valued and exchanged. It holds the entire world in its sway, and, responsive to the great law of supply and demand, it expands and contracts in volume in every market, moving toward that in which it is most needed and away from that in which its use for the time receives insufficient compensation.

Every species of money is subject to the same general law, but the local environment of any paper money supplies a limit to its utility when it is in excess of legitimate demand. When this occurs, exportation naturally follows, but the entire drain must be sustained alone by that portion of the circulation which is gold, and this drain will continue until the business situation changes, or the total volume of currency, including both gold and paper, is contracted to the requirements of the demand for it. Our currency system is now being subjected to the severest test of this character it has ever sustained. Money finds no adequate compensation for its use, and gold is exported in such volume that it causes apprehension as to our ability under existing laws to maintain the world's standard of value, which has prevailed with us since resumption in 1873.

It is not necessary to surmise and discuss here the cause for this unfortunate business situation. The danger which threatens our monetary standard, and the continual discussion in favor of silver remonetization are undoubtedly largely responsible for the business depression, but if our currency laws permitted of some reasonable contraction of our paper money when circulated in excess of the demand for it the situation would be relieved of its most dangerous features. There is no occasion for the fear that the volume of currency may in ordinary times be insufficient for the work it has to perform. Emergencies will occur when this may seem to be the case, but temporary expedients can be depended upon to meet all such sudden demands, and the world's supply of gold will soon restore the normal situation.

A much greater danger is presented from a redundancy, because in that case the entire system of prevailing values may be disastrously affected, not only by the loss of capital which is evidenced in the exportation of gold, but also by the loss of confidence in the money left should redemption cease or its discontinuance be threatened. In my judgment a few simple enactments will so improve our currency as to qualify it to perform the functions of the best paper-money system that can be devised, and thereby meet the demands of the present and any of similar character that may hereafter occur.

When this redundancy occurs the Government should increase the interest rate for money by placing any required amount of its circulation upon an interest basis, and thereby for the time retire it from circulation. The Bank of England, which represents the British Government, accomplishes the same desired results by a similar action, except that its different circumstances require it to adopt the opposite course of charging and receiving the increased interest instead of paying it.

The views I have here endeavored to express can be practically applied in the legislation that I would suggest, and which, it will be noticed, also contains some desired modifications in minor details, which require no special reference to recommend them. Congress should enact as follows:

1. All Government demand notes hereafter issued to be of the same general form and character (say coin notes of 1890) and no denomination to be issued of less than \$10.
2. Provide for a gold reserve fund for the payment of demand notes and the maintaining of the parity of our coins to be, say, 20 per cent of the demand notes outstanding. (This corresponds closely with the amount of the present reserve, based upon \$500,000,000 of circulation.)
3. Provide that the total issue of demand notes shall at no time exceed \$500,000,000 (about the present aggregate), except for the following purposes:
 - (a) Redemption of national-bank notes outstanding (should their retirement be decided upon).
 - (b) For use in emergencies as hereinafter provided.
4. Provide for the issue from time to time of interest-bearing Treasury notes, legal tender for their face and payable say in three years after date and at the pleasure of the Government after one year, with annual coupons attached. These notes to be issued only in payment of gold for the maintaining of the reserve required, and the demand notes redeemed to be retired in an amount equal to the interest notes issued, and not reissued except in payment or redemption of interest notes.
5. Provide for the issue of 5-30 or 10-40 bonds, to be sold only for the purchase of gold for the reserve, should the Government be unable to obtain gold by the sale of interest notes.
6. Should it be decided to retire the national currency, authorize the redemption of the bonds held by the banks at their present worth, figured at an equitable rate of interest, payment to be made in demand notes.
7. Authorize the issue of demand notes in emergencies, to be used in the purchase of interest-bearing clearing-house certificates, issued by associations in central reserve cities, as proposed in Senate bill 484, introduced by Senator MANDERSON at the called session of 1893.
8. Provide that the Treasury shall pay the expense of transmission for redemption upon all mutilated and unfit notes for circulation, so that not only a sound but a clean currency may be guaranteed.

With the exception of the suggested retirement of national-bank notes, no radical proposition is conveyed in these suggestions, and the entire plan is in harmony with the existing currency system.

SILVER.

It will be noticed that nothing is said concerning silver. It may be assumed that the legal-tender portion of the scheme being adjusted, the existing volume of silver dollars and certificates can be easily maintained at par in the future as they have been during the past, the law requiring parity to be maintained remaining un repealed. The requirement of a large gold reserve and the maintaining in circulation of a large volume of gold is directly in the interest of silver. What we gain and hold of gold is lost to the balance of the world, and the loss will eventually so affect foreign sentiment that the use of silver will be increased, its price will be raised, and eventually we may hope a return will be made throughout the world to the old bimetallic system, either at the old ratio or some ratio at which both coining and commercial parties of the metals may be maintained. The use of silver will be increased by the provision limiting notes to denominations of \$10 and upwards. The same provision may also be extended to embrace the silver certificates.

NATIONAL-BANK NOTES.

It may be said concerning national-bank notes that they have at no time fulfilled the functions of a bank currency, as understood and practiced elsewhere. Redemption, except in the case of mutilated notes, has carried with it so slight an obligation that it can scarcely be considered a liability. These notes constitute simply one form of Government currency, no better and no worse than similar currency issued direct from the Treasury, and were originally authorized for the sole purpose of giving additional value to Government bonds, which at that period needed every aid that could be devised. That use having long since terminated, no good reason remains for their continued existence. Should it be decided to retire them, this need not in any manner affect the continued existence of our excellent national-banking system, which requires no circulation privilege to sustain its popularity. The equitable method suggested for dealing with the banks for their bonds would induce them to retire their circulation in their own interest, and no actual loss to the Government would result from the adjustment.

HENRY W. YATES, Omaha, Nebr.

DEAR SIR: In order to prescribe remedies intelligently for the disturbances to our system of banking and currency and the loss of gold, it is well to understand the causes of the disturbances. The country had very little difficulty with this subject until the people, becoming dissatisfied with a management of national affairs that took the reins of Government when it was necessary to pay 12 per cent interest on borrowed money, and so conducted business that it could be borrowed at 2½ per cent, and during the same period paid off one and a half billion dollars of the national debt, increased the per capita circulation of money from \$13.85 to \$24.44 and added over \$600,000,000 of silver to our stock of money, and exercised their right to change the management.

Since the new management was installed, the expenditures of the Government have exceeded its income some \$125,000,000, thus compelling the use of the surplus and the borrowing of money by the sale of bonds to pay the help and other expenses, the same as an individual would be compelled to do, conducting business at a loss.

Then the demonstrated incapacity of the new management to do business, with the immatured ideas of some of the hired men in Congress, who, judging from their actions, think the Almighty made some mistakes which they would correct by amending or changing natural laws, and arguments along this line have caused a fear in the minds of holders of securities at home and abroad that they may be paid in depreciated dollars, and naturally forced them to realize without delay in order to be sure of receiving as good dollars as they parted with. This is another disturbing factor.

Another thing. The people of the United States pay for travel, freights, interest, and profits, in foreign lands and to foreigners, at a conservative estimate, \$350,000,000 annually, which amount exceeded the balance of trade in our favor for 1894 \$96,000,000, that had to be paid in gold, and is a further cause of trouble.

These are the conditions that must be met. The deficit in the national Treasury is the chief cause of the disturbance, and is increasing the national debt, and no theory or argument will disprove or change that fact. Without regard to previous condition of servitude in partisan politics, the experience of the past two years has added to the general stock of knowledge. The people knew some things before that they do not know now, and know some things now that they did not know before.

Someone has said that "Wise men sometimes change their minds, mules never." The people being wise have changed their minds, and last November commenced to apply the remedy. As it will take some time to secure the full benefit of this awakening, the recovery might be hastened if the present management would promptly provide sufficient income to meet expenses. Until this is accomplished, money must be borrowed to meet them. There is absolutely no other way if we continue business.

This deficit has developed a seeming defect in our financial system. But is the defect in the system? If the Government continues in the general banking business and keeps on going in the hole eight million or thereabouts, every month, no system of banking ever invented could meet the case so long as the deficit stares us in the face.

The Government or an individual, as a banker having outstanding paper, demand or otherwise, must meet it on presentation or be discredited, and when business is at a standstill and distrust abroad in the land, the creditors are apt to want their money, and as a general proposition they are in somewhat of a hurry for it.

An individual running behind \$8,000,000 or \$8,000 a month would be in trouble, and his only recourse after exchanging his surplus would be to borrow money, which he may be able to do until such time as his income catches up to his expenditures. But suppose the creditors of the individual, also interested in other directions, should learn through some of the hired men that the individual was considering the advisability of departing from his former conservative methods in business and was disposed to resort to sharp or dishonest practices, the situation would be greatly aggravated, and if persisted in might result in disaster. Is not this about the position the Government is in at the present time? The fact that the Government is rich and able to pay its debts is not satisfying to the financial world, if we propose to juggle things.

It is generally conceded that we have too many kinds of money issued under various laws and that our banking and currency laws should be revised, and some think that the Government should go out of the general banking business. This, however, is not a good time for such revision. Too much grief at any one time is discouraging and disheartening. When the time comes for action on this subject I can give you the names of individuals who will tell you just what should be done. I am not quite so clear, but there are a few general propositions that may be stated.

First. The people want all of the dollars of equal value in circulation that it is possible to secure.

Second. The dollars of whatever character in circulation in the hands of the common people must have behind them an absolute guarantee that they are equal in value to every other dollar to-day and will continue to be anywhere in the United States next week or next year.

Third. The largest use of silver consistent with safety should be incorporated into the revision of the system.

Fourth. Gold is now the measure of value, and it should so remain, unless it is desired to contract the money of the country, an amount equal to the gold money in the country. A free coinage of silver would bring about that result. The fundamental law of coinage is thus stated in a pamphlet published in 1696: "When two sorts of coin are current in the same nation of like value by denomination, but not intrinsically (i. e., in market value), that which has the least value will be current and the other as much as possible will be hoarded or melted down or exported." This is just as natural as that water will run down hill.

The best way to formulate these propositions into law must be solved by our representatives in Congress.

Very truly, yours,

L. D. RICHARDS, Fremont, Nebr.

Hon. E. J. HAINES, Washington, D. C.

The Late Senator Colquitt.

REMARKS

OF

HON. FARISH CARTER TATE,
OF GEORGIA.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 16, 1895.

The House having under consideration the resolutions paying tribute to the memory of Hon. Alfred H. Colquitt, late a Senator from the State of Georgia—

Mr. TATE said:

Mr. SPEAKER: The announcement made on the occasion of Abner's death, "Know ye not that there is a prince and a great man fallen this day in Israel?" could have been truthfully said of Alfred Holt Colquitt, late Senator from Georgia, when he died.

From young manhood Senator Colquitt, from his noble traits of character, generous impulses, and acknowledged ability, caught the attention of the people and grew in their confidence and esteem to the day of his death. He was a born political leader. His political services to his State began in 1849 as assistant secretary of the State senate, and in 1853, when scarcely thirty years of age, he was elected a Representative in Congress. He was a member of the secession convention of his State, and was a member of the committee that drafted the ordinance of secession when Georgia seceded.

He was an officer with the rank of major in the Mexican war of 1845. When the war of 1861 broke out he organized the first regiment of Georgia troops. His war record was that of a fearless and brave officer who always marched at the head of his men. He won his most signal victory in Florida, which gave him a place among the leading generals of the Confederacy, and gave him the title of "Hero of Olustee." As Alfred H. Colquitt was great in war, so he was great in peace, and great in the hearts of his countrymen. At the close of the war Senator Colquitt returned to his farm.

In 1876 he was nominated by his party for governor, and was elected by 77,854 majority. He administered the affairs of his State as chief executive with ability, prudence, and economy.

It was during his administration that the constitutional convention of 1877 was held, and the present constitution of Georgia is the work of that convention.

About the close of his first term an attack was made on him for having indorsed certain railroad bonds. It was this criticism that brought from him the remarkable letter of which the following is a part:

Nothing but a thorough sifting of my every motive and act in regard to these bonds, as far as human insight and judgment can reach these, can satisfy aggrieved honor or give such entire assurance to the people of Georgia as they have a right to demand in the premises. To a man who values his good name far more than life, it would be an act of supremest injustice to deny the most plenary vindication rendered in the most august and authoritative form known to the law or to public opinion.

My denunciations of an awful and stupendous slander, forged and uttered to dishonor me, will not be enough. The general assembly of this State is appealed to for that justice which, while it will I know full well, exonerate me as a man, will also vindicate the fair fame of Georgia, assailed by cruel slanders on her chief executive.

ALFRED H. COLQUITT.

An investigation by a joint committee of the house and senate of Georgia followed, and Governor Colquitt was fully vindicated and exonerated.

Following soon upon this came the resignation from the United States Senate of the brilliant, chivalric, and patriotic GORDON, and the appointment to the United States Senate by Governor Colquitt of that great and able statesman, Joseph E. Brown.

The convention to nominate Governor Colquitt's successor met in Atlanta on the 4th of August, 1880. This convention lasted more than a week. During this time no candidate received the

requisite two-thirds vote necessary under the rules of that convention to nominate, although Governor Colquitt lacked only a few votes of this two-thirds. After more than a week's balloting a resolution was adopted by the majority of that convention presenting Governor Colquitt to the people of Georgia as the choice of the convention. The minority presented Hon. T. M. Norwood; and then followed one of the bitterest political contests in the history of the State. During this contest Governor Colquitt's eloquent voice rang out in almost every county in the State, and he was reelected governor of Georgia by more than 50,000 majority.

In 1883 Governor Colquitt was elected to the United States Senate, and was again reelected in 1889.

During his long political career he made an able and devoted representative of his State.

Few men possessed the magnetism of Senator Colquitt. A man of fine physique, handsome face, commanding presence, frank and cordial manners, he made a lasting impression upon every one he met, and no son of Georgia, during his political career, was more beloved and admired by his people and State. He was prominent in church as well as State; all over this broad land of ours he was noted for his piety and Christian character. He took a great interest in Sunday school work, in the temperance cause, and in everything that would tend to promote the spiritual welfare of his fellow-man. He wrought—

With human hands, the creed of creeds,
In loveliness of perfect deeds.

His domestic life was an ideal one, surrounded by a devoted helpmate, who for years had shared the joys and sorrows, the triumphs and trials of her distinguished husband, the lovely and accomplished daughters, who cared for, ministered to, and almost idolized their father—it was indeed a model household. As a devoted husband, affectionate father, and loyal friend, Senator Colquitt had no superiors, and to his only son he has left a heritage far more precious than gold—an honored name and a spotless character.

His life was gentle, and the elements
So mix'd in him, that Nature might stand up,
And say to all the world, "This was a man!"

Although stricken by disease, he remained at his post of duty; even when unable to walk he could be seen almost daily being wheeled in his invalid chair across the Capitol grounds to and from the Senate Chamber. When his manly form was emaciated from excruciating suffering and he was almost a shadow of his former self, then his trust in his Heavenly Father was sublime! His faith never wavered. Like Job he could exclaim, "Though He slay me, yet will I trust in Him." And when most men would have remained away, he, despite pain and suffering, discharged the duties of his office almost to the very day of his death.

Sir, when the history of the times in which Alfred Holt Colquitt lived is reviewed there will be no brighter page than that which records the brilliant career and eminent services he rendered his State and country.

In the land he loved, 'neath the blue Southern skies he loved, under the sod he loved, in beautiful Rose Hill Cemetery, we have buried him. While he sleeps the sleep that knows no waking, his memory will be kept fresh by loving and loyal hearts, while his spirit rejoices with angels in the presence of his God.

Can that man be dead
Whose spiritual influence is upon his kind?
He lives in glory; and his speaking dust
Has more of life than half its breathing molds.

The Tariff.

SPEECH

OF

HON. GEORGE W. COOPER,

OF INDIANA.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, January 25, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration an amendment to the bill (H. R. 4864) placing a duty of 15 per cent ad valorem on cod oil—

Mr. COOPER of Indiana said:

Mr. CHAIRMAN: The oil specified in this amendment is a raw material used by tanners for stuffing and dressing leather.

The effect of it will be to cheapen the cost of that manufactured article. It is an amendment greatly desired by all the tanners of the country. In fact they would have preferred very much that the article should have been placed upon the free list; but the committee thought that the necessities of the Government would justify the imposition of this slight rate of duty.

I wish to call the attention of the committee to a fact in this connection. In 1872 the Government put hides upon the free list. From that time the tanning industry of the United States has flourished. We exported at that time 17,241,746 pounds of sole leather, most of it to Great Britain. The exports of leather and manufactured leather have greatly increased from that day till 1890, when the amount exported was something over 30,000,000 pounds of sole leather alone.

In 1890 the McKinley bill put some additional duties upon articles used in the manufacture of leather, and the result of that was a decrease in the production and export of American leather and American leather-made goods. The effort now is to put back on the free list some of the items which the McKinley bill levied a duty upon, which the tanners were compelled to pay, and to reduce the rate on some others.

I wish to call attention to the fact in this connection, by way of illustration, that at the same time when we put hides upon the free list we put an increased tariff upon raw wool, and that while the tanneries have flourished the woolen industry has languished. This may serve to illustrate the contention made on this side of the House that with free raw material our enterprises will be able to export and to compete in the markets of the world with the products of labor there. I hope there will be no objection to this amendment, and that it will be adopted.

Appropriations Reduced.

Under those of the Fifty-first Congress	\$45,341,418.90
Under those of the Fifty-second Congress	36,765,856.88

REMARKS

OF

HON. JOSEPH D. SAYERS.

OF TEXAS.

IN THE HOUSE OF REPRESENTATIVES,

Monday, March 4, 1895.

The House having under consideration the subject of appropriations—

Mr. SAYERS said:

Mr. SPEAKER: The appropriations made by the Fifty-third Congress, including permanent appropriations, show a reduction of \$86,765,856.88 under the appropriations made by the Fifty-second Congress, and \$45,341,418.90 under those made by the Fifty-first Congress.

A tabular history of the appropriation bills, showing also the estimates submitted to Congress and the appropriations made at the last session, will be found in Table A, which I submit as a part of my remarks.

The regular annual appropriation bills are grouped in the table so as to show their aggregates in the several stages through which they passed in the process of legislation, from the estimates submitted until their final enactment. The table shows:

1. That the bills, including deficiencies, as passed by the House, made a reduction under the estimates submitted to Congress of \$19,365,889.52;
2. That the bills were increased as reported from committees to the Senate \$3,494,573.77;
3. That the bills were increased as passed by the Senate \$19,170,136.04;
4. That the bills as they became laws, including miscellaneous, appropriated less than the estimates \$16,434,480.49; more than as they passed the House, \$8,030,909.03; less than as they passed the Senate, \$11,139,227.01; less than the laws for 1895, \$6,121,955.34; and
5. That the permanent appropriations which are not subject to the action of Congress are increased by the estimates of the Departments \$11,999,276.82.

As compared with the laws of the last session of this Congress, the following reductions are shown in the table:

By the Army bill	\$340,276.59
By the fortifications bill	522,446.50
By the Indian bill	1,685,617.15
By the pension bill	10,200,000.00
On account of river and harbor bill (none having passed at this session)	11,643,180.00
On account of deficiencies	3,072,024.87
For miscellaneous	177,956.55
Total reductions	26,641,501.60

The bills showing increases over the last laws are as follows:

Agricultural bill	\$80,126.94
Diplomatic and consular bill	11,155.18
District of Columbia bill	199,964.68
Legislative, etc., bill	587,639.19
Military Academy bill	57,726.58
Naval bill	4,888,950.50
Post-Office	2,309,398.31
Sundry civil bill	12,884,584.85
On account of permanent appropriations	11,999,276.32
Total increases	32,518,822.64

Net increase by all of the bills, including permanent appropriations, over laws passed at the last and extra sessions of this Congress

5,877,320.98

The miscellaneous appropriations of the session are stated at \$400,000. When all of the acts of the session are printed and examined it is not believed that they will be found to appropriate quite so large a sum. But even that amount is smaller than the total of miscellaneous appropriations of any previous session of Congress within the past twenty years; and this fact is the more remarkable when the unusual length of the Congress is considered—a condition invariably favorable to the accumulation and multiplication of miscellaneous appropriations. Such miscellaneous appropriations are never essential to the operations of the Government, but on the contrary characterize the Congress that makes them in great or small degree as wasteful or economical of the public money.

Notwithstanding the considerable reduction made in the total appropriations at the last session under those of both the preceding Congresses, it will be noticed that the appropriations for deficiencies at this session are less than they were at the last session, and even less than the average for the two sessions of the Fifty-first Congress—a result which is to the credit of the present economical administration of the Government. Wasteful and extravagant methods in administration have heretofore made large deficiencies in annual appropriations to be supplied by Congress at each session.

The sum charged under permanent appropriations, \$113,073,956.32, includes \$31,771,796.82 to pay interest on the public debt, including Pacific Railroad indebtedness, and \$49,250,000 to meet the requirements of the sinking fund.

To meet requirements of contracts authorized by laws passed during the Fifty-first and Fifty-second Congresses, appropriations were made by this Congress as follows:

For fortifications	\$1,056,600.00
For increase of the Navy	23,747,896.30
For rivers and harbors	19,837,115.00

Total

43,641,611.30

The present Congress has authorized no contracts for river and harbor works, though it has had to provide nearly \$20,000,000 to meet contracts authorized by the Fifty-first and Fifty-second Congresses.

Toward the new Navy this Congress has appropriated nearly \$23,000,000, while the new ships it has authorized to be constructed in the future will not cost within \$8,000,000 of that sum.

The new public buildings authorized, including one in Chicago to cost \$4,000,000, will not all exceed in cost \$5,660,000 beyond the sums appropriated therefor, while the Fifty-first Congress left to its successors more than \$8,000,000 to be appropriated for public buildings which it authorized.

Except an increase of 1,000 enlisted men in the Navy, rendered necessary in order to put into commission the war ships authorized by laws enacted during previous Congresses, and for an additional force of men in the Internal-Revenue Service, required to enforce the collection of the income tax, the salaried list of the Government has been reduced by this Congress more than 600 persons, with annual compensation amounting to quite three-quarters of a million of dollars.

Considering the growth of the country in millions of population since the close of the Fifty-first Congress four years ago and the enormous obligations entailed by the legislation of that body, I confidently assume that the reduction of expenditures, amounting to more than \$45,000,000, made by this Congress under those authorized by the Fifty-first Congress will meet the expectations of the people and will elicit their cordial approval.

To have checked the biennial billion-dollar pace set by the Fifty-first Congress is an achievement in itself. To have done not only that, but to have reduced the appropriations of the Congress below the billion mark is a triumph vast in its proportions and significant of a return to economical and honest government.

The table which I submit herewith marked B is compiled from the official records, and shows by sessions and fiscal years the appropriations made by the Fifty-first Congress, the Fifty-second Congress, and the present, or, Fifty-third, Congress.

In the appropriations for the Fifty-first Congress there are charged expenditures under indefinite appropriations made by that Congress, and under permanent appropriations authorized by

it, after the estimates for permanent appropriations had been submitted by the Secretary of the Treasury, all of which are fully explained in the footnotes of the table.

TABLE A.—Chronological history of appropriation bills, third session of the Fifty-third Congress; estimates and appropriations for the fiscal year 1895-96; and appropriations for the fiscal year 1894-95.

Title.	Estimates, 1896.	Reported to the House.	Passed the House.	Reported to the Senate.	Passed the Senate.	Law, 1895-96.	Law, 1894-95.
Agriculture.....	\$2,400,330.00	\$3,283,750.00	\$3,278,750.00	\$3,252,550.00	\$3,330,550.00	\$3,303,750.00	\$3,223,623.06
Army.....	24,805,682.08	23,209,808.00	23,259,808.00	23,252,608.00	23,252,608.00	23,252,608.00	23,582,844.63
Diplomatic and consular.....	1,563,118.76	1,560,118.76	1,563,118.76	2,072,458.76	2,075,073.94	1,575,073.94	1,563,918.76
District of Columbia ^b	7,217,934.25	5,391,107.25	5,392,107.25	6,034,131.25	6,133,251.25	5,745,643.25	5,545,678.57
Fortification.....	7,357,708.50	1,879,057.50	1,879,057.50	1,935,557.50	1,935,557.50	1,904,557.50	2,427,004.00
Indian.....	6,723,844.83	6,499,169.00	8,220,730.21	8,829,700.63	9,940,618.01	8,973,948.01	e 10,699,565.16
Legislative, etc.....	22,949,101.57	21,805,726.52	21,825,970.08	21,916,623.08	21,948,392.68	21,863,222.48	21,305,583.29
Military Academy.....	579,048.66	461,923.66	461,923.66	430,057.66	430,057.66	464,331.66	406,535.03
Navy.....	30,952,096.96	31,084,023.86	31,086,823.86	29,050,025.36	29,716,077.31	29,716,077.31	25,327,126.73
Pension.....	141,581,570.00	141,381,570.00	141,381,570.00	141,381,570.00	141,381,570.00	141,381,570.00	151,581,570.00
Post-Office ^d	91,059,283.64	92,442,997.88	92,442,997.88	89,337,383.64	89,545,997.88	89,545,997.88	87,236,599.55
River and harbor.....	e 1,475,000.00						g 11,643,180.00
Sundry civil.....	46,363,815.03	36,540,721.50	36,057,721.50	41,559,145.85	49,009,750.90	A 47,138,360.40	134,253,775.55
Total.....	384,268,530.18	365,243,977.09	367,430,587.77	399,041,814.83	378,689,505.20	374,895,070.50	378,767,044.43
Urgent deficiency, 1895 and prior years.....		2,006,535.00	2,006,595.00	1,864,321.00	1,864,321.00	1,857,321.00	
Deficiency, public printing and binding.....		100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	
Deficiency, Eleventh Census, etc.....		300,000.00	400,000.00	400,000.00	400,000.00	400,000.00	
Deficiency, 1895 and prior years.....		6,519,539.42	6,065,957.89	8,632,581.00	14,719,450.50	7,381,053.19	
Total.....	395,988,530.18	374,170,111.51	376,003,140.66	380,037,714.43	395,773,276.70	384,634,049.69	390,578,048.43
Miscellaneous.....	j 5,540,000.00					j 400,000.00	577,956.55
Total regular annual appropriations.....	401,468,530.18					385,034,049.69	391,156,005.03
Permanent annual appropriations.....	113,073,956.32					113,073,956.32	k 101,074,680.00
Grand total regular and permanent annual appropriations.....	514,542,486.50					498,108,006.01	492,230,685.03

Amount of estimated revenues for fiscal year 1896.....\$300,000,000.00

Amount of estimated postal revenues for fiscal year 1896.....86,907,407.00

Total estimated revenues for fiscal year 1896.....476,907,407.00

a No amount is included in the estimates for 1896 for the Agricultural Department for agricultural experiment stations in the several States authorized by the act of March 2, 1887. The amount appropriated for this purpose for 1895 is \$745,000.

b One-half of the amounts for the District of Columbia payable by the United States, except amounts for the water department (estimated for 1896 at \$24,919.25), which are payable from the revenues of the water department.

c This amount includes \$1,330,606.67 to be placed to the credit of certain Indians for the face value of certain nonpaying State bonds or stocks, including certain abstracted bonds, described on pages 153 and 154 of the Book of Estimates for 1895, and which become the property of the United States; and also includes \$2,422,697 to carry out agreements with various Indian tribes ratified by the Indian appropriation act for 1895.

d Includes all expenses of the postal service payable from postal revenues and out of the Treasury.

e This is the amount estimated for rivers and harbors for 1896, exclusive of \$11,387,115 required to meet contracts authorized by law included in the sundry civil estimates. "The amount that can be profitably expended" in that fiscal year, as reported by the Chief of Engineers, is \$36,665,775. (Book of Estimates for 1896, pages 295-299.)

f No river and harbor bill was passed for 1896, but the sum of \$11,437,115 was appropriated in the sundry civil act to carry out contracts authorized by law for river and harbor improvements for 1896.

g In addition to this amount the sum of \$3,400,000 was appropriated in the sundry civil act to carry out contracts authorized by law for river and harbor improvements for 1895.

h This amount includes \$11,437,115 to carry out contracts authorized by law for river and harbor improvements for 1896.

i This amount includes \$3,400,000 to carry out contracts authorized by law for river and harbor improvements for 1895.

j This amount is approximated.

k This is the amount submitted by the Secretary of the Treasury in the annual estimates for the fiscal year 1895, the exact amount appropriated not being ascertainable until two years after the close of the fiscal year.

TABLE B.—Appropriations made by the Fifty-first, Fifty-second, and Fifty-third Congresses, fiscal years 1891 to 1896, inclusive.

Title.	Fifty-first Congress.		Fifty-second Congress.		Fifty-third Congress.	
	First session, 1891.	Second session, 1892.	First session, 1893.	Second session, 1894.	Extra and first regular sessions, 1895.	Third session, 1896.
Agriculture.....	\$1,790,100.00	\$1,028,153.50	\$3,232,905.50	\$3,323,500.00	\$3,223,623.06	\$3,303,750.00
Army.....	24,306,471.79	24,613,529.19	24,308,492.82	24,225,639.78	23,582,844.63	23,582,844.63
Diplomatic and consular.....	1,710,815.00	1,656,925.00	1,804,045.00	1,567,445.00	1,563,918.76	1,575,073.94
District of Columbia.....	5,760,544.15	5,597,125.17	5,317,973.27	5,413,223.91	5,545,678.57	5,745,643.25
Fortifications.....	4,232,935.00	8,774,803.00	2,734,276.00	2,210,055.00	2,427,004.00	1,904,557.50
Indian.....	7,262,016.02	16,398,244.86	7,664,047.84	7,854,240.38	10,659,565.16	8,973,948.01
Legislative, etc.....	21,030,753.75	22,027,674.75	21,900,132.97	21,865,932.81	21,305,583.29	21,863,222.48
Military Academy.....	435,236.11	462,064.64	429,017.23	432,556.12	464,331.66	406,535.03
Navy.....	24,136,055.53	31,541,654.78	23,543,345.00	22,104,061.28	25,327,126.73	29,716,077.31
Pension, including deficiencies ^a	132,779,368.35	104,550,383.34	154,411,682.00	180,631,074.85	141,381,570.00	151,581,570.00
Post-Office.....	72,226,093.69	77,907,222.61	80,331,276.73	84,004,314.22	87,236,599.55	89,545,997.88
River and harbor.....	25,136,295.00		21,154,218.00		11,643,180.00	
Sundry civil.....	b 31,100,341.38	c 38,386,552.73	27,665,076.93	41,716,311.15	94,253,775.55	47,138,360.40
Deficiencies, except for pensions.....	13,295,541.61	9,364,143.62	8,230,859.50	8,127,361.51	11,811,004.00	9,738,979.19
Total.....	356,121,211.68	300,238,522.10	382,527,385.60	403,515,596.11	390,578,048.43	384,634,049.69
Miscellaneous.....	7,010,905.27	d 19,498,531.10	3,208,922.82	530,499.18	577,956.55	400,000.00
Total regular annual appropriations.....	363,132,116.95	418,737,053.29	385,736,308.41	404,036,085.29	391,156,005.03	385,034,049.69
Permanent annual appropriations.....	e 131,324,131.70	e 122,486,808.00	e 121,893,880.00	e 115,468,273.92	e 101,074,680.00	113,073,956.32
Total.....	494,456,248.65	541,223,861.29	507,630,188.41	519,504,359.21	492,230,685.03	498,108,006.01
Total Fifty-first, Fifty-second, and Fifty-third Congresses.....	1,005,680,100.94		1,027,101,547.93		990,338,691.04	

a Deficiencies included as follows: 1891, on account of 1890, \$25,321,907.35; 1892, on account of 1891, \$29,335,598.34; 1893, on account of 1892, \$7,674,332; 1894, on account of 1893, \$14,149,724.85.

b This amount includes \$1,362,069.16 actual expenditures under indefinite appropriations for pay and bounty claims.

c This amount includes \$978,188.74 actual expenditures under indefinite appropriations for pay and bounty claims.

d This amount includes \$15,227,000 for refund of direct taxes in addition to the specific sum of \$500,000 appropriated for that purpose.

e This is the amount originally submitted to Congress by the Secretary of the Treasury as estimated to be necessary under permanent specific and permanent indefinite appropriations, except that to the amount thus submitted for 1891, \$101,628,453, there are added expenditures under permanent specific and permanent indefinite appropriations made by the Fifty-first Congress subsequent to said estimate, as follows: Salaries diplomatic and consular service, \$27,756.79; redemption national bank notes, \$23,553,298.50; expenses of Treasury notes, \$218,332.60; coinage of silver bullion, \$210,893.14; rebate tobacco tax, \$770,082.30; and repayments to importers and for debentures and drawbacks, customs service, \$4,915,285.28; in all, \$29,065,678.70.

The Late Senator Colquitt.

REMARKS

OF

HON. JOHN W. MADDOX,

OF GEORGIA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 16, 1895.

The House having under consideration the resolutions paying tribute to the memory of Hon. Alfred Holt Colquitt, late a Senator from the State of Georgia—

Mr. MADDOX said:

Mr. SPEAKER: I was appointed one of the committee to escort the remains of that great statesman, Senator Alfred Holt Colquitt, back to his native State, where he was so beloved and honored.

We arrived in Atlanta, Ga., just as the day was beginning to dawn and the bright, red sun began to peep from behind the clouds, and it looked as if it was to do special honor to his memory. It was a beautiful day, just the kind of day Senator Colquitt would have to shine on his fair, sunny Southland, of which he was so proud. And as the train rolled into Atlanta there was a deathly silence in the special cars, for nearly all on board were asleep; but pretty soon there was a stir in the cars and the people began to gather around the depot to do honor to their distinguished dead. At 8 o'clock the remains were taken with loving hands and tear-dimmed eyes from the train, and, headed by the governor and his staff, the procession moved off up to the State capitol, where his remains lay in state.

There never was in the history of the State such a funeral as this, where everybody was given holiday that they might do honor to the remains of the State's most distinguished son. Thousands of people came to get a last look at the face they loved and had honored in life and for whose death the whole State was weeping and mourning and would not be comforted. Would to God he could have risen from the dead and seen this picture. It would have made his bosom swell with pride to see and to know that his memory was so honored by his people, for whom and in whose service he had given the greater part of his life.

After the people had taken a look at him they would go into the legislative hall where they were holding memorial services. The galleries and hall were packed with people straining every nerve to catch every word that was said in eulogy of their great leader, and standing room was not to be had. Many people in the audience recalled the time when he was a member of that body which sits in session in the hall where his body lay and how his eloquent voice rang out in the interest of his people. It was indeed a grand sight to witness this scene and it is one that I will never forget. Would to God that I had the language to describe it, but my feeble words can not give the estimation and high esteem in which he was held by his people.

After the memorial exercises were over he was borne with loving hands back to the depot and his remains were placed upon the train, when he was carried to Macon, where he lived and had spent some of the happiest years of his life from young manhood to old age and had grown to be one of Georgia's brightest stars, and whose fame was known all over the entire country, where a more impressive funeral never occurred. In the quietude of the still afternoon, unmarred by a single cloud in the sky overhead, and everything in solemn accord with the sad funeral occasion, the remains of Senator Colquitt, under the shadow of a lone magnolia, on the banks of the Ocmulgee River, in the presence of a vast concourse of Georgians, was tenderly laid to rest in Rose Hill Cemetery. Alfred Holt Colquitt sleeps the sleep that knows no waking, and his spirit has passed over the valley of death, where he is waiting for the coming of the resurrection.

It can truthfully be said of him that a great and good man has fallen, but his good deeds will live after him as the greatest monument that can be erected to his memory and for others to emulate.

There is no death; but angel forms
Walk o'er the earth with silent tread;
They bear our best loved things away,
And then we call them "dead."

Mr. Speaker, I incorporate as part of my remarks the addresses made by our new governor, chief justice, and Dr. Candler, one of our most distinguished educators and ministers, which will show the estimation in which he was held in his native State.

GOVERNOR NORTHEN SPEAKS.

There was another song by the choir and then Governor Northen appeared, saying:

"We stand to-day at the end of a great and useful life.
"Men are great not so much because of what they do for themselves as because of what they do for others.

"Senator Colquitt was great because he was good. Senator Colquitt's life was useful, because it was lived for humanity, for his country, and for God.
"How very solemn is death, how very still and quiet and silent is the grave!

"All men must die. Whatever their condition, their influence, their posi-

tion, or power of their life, you and I and all men must die and leave behind either a stainless record for love and peace or a wicked record for strife and for sin.

"To the pure and beautiful record of love and peace left to us by our distinguished dead we have assembled to pay our final tribute before giving his body to the silence of the tomb.

"To do this it is fitting that the pastor of the church of which he was a devoted and godly member, the mayor of the city of which he was an honored resident, and the representatives of the commonwealth whose highest honors he has deservedly worn, should testify to his strong Christian character, his usefulness as a citizen, his splendid devotion to country as a patriot, and his distinguished ability as a statesman.

"The circumstances of the occasion will not allow me more than a simple statement of the estimate of his character and the sentiment with which he was regarded by his people.

"Visiting a distant State some years ago, a prominent officer of the Federal Army said to me, 'Tell me something of the public men of Georgia.' As I told him of the record of this man, and the reputation of that one, I finally reached the name of our distinguished beloved dead.

"He interrupted me to say that the first time he saw Senator Colquitt was upon the field of the battle of Mexico. 'I remember him,' he said, 'distinctly, and can see him now, his handsome face, his manly bearing, his soldierly devotion to his duty. I have watched his long career, have been proud of his great reputation, have admired his patriotism and devotion to his State; but I never think of the grand man to-day without recollecting the handsome face and soldierly bearing of the gallant young hero in the Mexican war.'

"I thought of the soldierly man as we followed his dead body marching silently behind him, and felt that not only we, but the people of the whole State and of the entire South were stricken with sorrow by the great loss and that the hearts of all his people were filled with sympathy for those who so dearly loved him.

"But if I should attempt to speak at length of his character it is not of his soldierly bearing and handsome, calm face in the midst of danger that I would speak. There was something in the life of the man that impressed me more.

"When I first knew Senator Colquitt there was no war, it was peace. I knew him at his home. I knew him in his life among his neighbors, and what a splendid example his life was to others.

"Just one instance. When he was first chosen to the high position he held at his death, he invited several neighbors, myself among the number, to his home just before he left for Washington. The evening was pleasantly spent, and when it was closed it was not in hilarious revelry, but the great man whom we honor to-day took from the table the word of God and read from it appropriate passages, and then said: 'Let us pray.' And there in the presence of his neighbors, some of whom were already distinguished in public life, this man of God got down on his knees and invoked the blessing of Heaven upon his fellow-men and himself. He was going forth and in new scenes, and would be subjected to new temptations. He prayed that God would keep him for Himself.

"Now, if I had time to pay tribute to the dead, it would not be to the soldier, the hero; it would not be to his commanding intellect, far-reaching, comprehensive, and strong; it would not be to his patriotism that awakened the hearts of his people to purer thoughts, higher aspirations, better life, and nobler purposes; but it would be to his high Christian character, an example for all men, especially for men in public life and in power.

"Thank God for the beautiful Christian life of our beloved dead!"

CHIEF JUSTICE BLECKLEY'S ADDRESS.

Chief Justice Bleckley followed Governor Northen, saying:

"When we gaze at death through our emotions and relate it in our thoughts to survivors and their bereavement, it suggests inexorable calamity, irreparable loss, and is always somber and sorrowful. But seen by the intellect, in the calm light and clear atmosphere of reason, and reacted in our thoughts to the departed, it often suggests gain and glory, and seems grand and beautiful. Thus may we look at it on the present occasion. For a few moments let our hearts be still, our eyes be dry; let our regrets be moderated and our sympathies restrained. Behold death as a benediction, a benediction! There is no felicity greater, no fortune better than to be old enough and good enough to die. This is the true end for all to aim at—for all to pursue from the beginning to the close of life. To be good and to become old in goodness is the interest, as well as the duty, of every man to whom the privilege of so doing is accorded. He who succeeds in this has true success, and needs no other, for in this everything worthy of permanent estimation is comprehended. Whether his sphere of duty be high or low, wide or narrow, easy or difficult, he who fits himself to his place, fills it, meets its responsibilities and discharges its obligations, persevering faithfully through the spring and summer and autumn of life, falling not till winter comes, is ready to die. And his death, viewed in the radiance that streams upon it from his finished life, is beautiful.

"Your own minds will make the right application of these remarks to the statesman, the soldier, the patriot, the citizen, the neighbor, the friend, the great Georgian whose ashes are now here to honor by their solemn presence for a few hours the capitol of his native State. With the waning of one more moon his years would have numbered three score and ten; nor was he less mature in goodness than he was in age. He, if any man, was qualified to die and was eligible to that invisible convocation, the celestial senate, which no candidate can reach save by passing through the valley of the shadow of death."

DR. CANDLER'S ORATION.

After Dr. Morrison had resumed his seat the Rev. Warren A. Candler, president of Emory College, arose and spoke as follows:

"To-day we bury out of sight the mortal remains of a most extraordinary man. No common man could have achieved what Senator Alfred Holt Colquitt has accomplished.

"For more than forty years his people have loved and trusted him, and now he falls to sleep the best beloved son of this Commonwealth. Once he declined office, but he was never defeated when he asked the suffrages of his countrymen.

"The people are good judges of men. The masses do not long continue to give their confidence to a man unable or unworthy to serve them. They may be captivated for a day and gain favor when it is little deserved, but the reaction comes and they punish with distinctive indifference or scornful indignation the objects of their misplaced confidence. But this man they have honored with unwavering trust for nearly fifty years. He was a very tribute of the people. Few men in our day have shown more ability to arouse the people and attach them to his fortunes.

"What did they find in him to enthrall so perfectly their admiration and love?

"It was not by the captivating power of bold and original thinking. In church and state he took pride in standing for well-accepted doctrines, and he was the implacable foe of novelties. The old safeguards of constitutional liberty and the old Bible and the old-fashioned religion were dear to his brave heart.

"He was intellectual, but the strength of his mind was put forth in the defense of well-known truths rather than in the discovery of new principles. He ennobled even common-place truth with the royalty of his devotion and the dignity of his utterance.

"At last had not this feature of his character much to do with his winning and holding the confidence of the people so long? The masses very wisely trust with most assurance not the man whose mind puts forth new and subtle presentations of supposed truth, but the man to whom well-accepted principles are dear as life. The truth we really need to know is not so difficult of apprehension as many suppose. We can always know what is right, and he is most worthy of trust to whom the homeliest virtues seem most sacred and heroic. As Emerson truly says, 'The world is upheld by the veracity of such men. They make the earth wholesome. They who live with them find life glad and nutritious.'

"Such a man was the good man whom we mourn to-day. With Kingsley he believed 'the first and last business of every human being, whatever his station, party, creed, capacity, tastes, or duties, is morality; virtue, always virtue. Nothing that man will ever invent will absolve him from the universal necessity of being good as God is good, righteous as God is righteous, holy as God is holy.' He elevated the tone of public life in this State during the days he went in and out before us. For this the people trusted him, and they were right.

"For this further reason they loved him: He was rich in broad human sympathies. He loved the common people with a true heart fervently. With him it was no affectation of demagoguery, but the spontaneous affection of a noble soul permeated by the spirit of the Divine Man of whom it was said 'the common people heard him gladly.' Descended from patrician stock, well educated at one of the richest universities of our country at a time when educated men were less common among us than now, early possessed of the leisure and comfort of a wealthy planter, had been less great than he was he would have been more exclusive, despising, or coldly condescending to the people. But, great and true hearted as he was, he loved them, and bestowed all his rich gifts on efforts to serve them. None were beneath his brotherly kindness and tender consideration. The lowliest were his especial care. But yesterday a venerable minister gave me, in tearful accents, an account of how this princely man, away back in the fifties, walked as guide and friend among his slaves in Baker County teaching the word of God.

"Much has been said in disparagement of the type of civilization which prevailed in this section of our common country before the war. It was doubtless open to fair criticism at many points. But when we see as the fruit of it such men as our lamented friend, knightly and Christian, in an unchivalric age, we can not justly refuse to acknowledge it had also many excellencies.

"Although he adapted himself to the changed conditions of our times with graceful compliance and was the ardent friend of all true progress, he was nevertheless to the last a gentleman of the old school. And how admirable!

"The elements were so mixed in him that Nature might stand up and say to all the world, 'This was a man.' Gentle and brave, humble and loving, daring and tender, he illustrated in public and in private life, in peace and in war, the noblest traits of mental and moral worth.

"It is but just to say that while he was not unknown to the masses of his people before the war between the States, he greatly endeared himself to them and increased his reputation with them by the brave part he bore in that contest. They could not count it a small or ignoble thing that, like the brave sons of Israel of whom Deborah said, he 'jeopardized his life in the high places' on their behalf and in support of their sentiments. The blood must first be corrupted in their veins before they can hold such services cheap or neglect to repay them with honor. That one should face death daily for four long years at the bidding of his people is no small thing, and the fidelity which has been tried so as by fire may not be lightly esteemed.

"It was therefore no strange thing that his people, when the war was over, honored him with the highest trusts they had to give. Twice they called him to the office of governor, and twice they commissioned him to sit as Georgia's representative in the highest council of the nation, if, indeed, I may not say of Christendom. And he never disappointed their confidence. Through weary months he had fought disease with one hand and served with efficiency his people with the other. His conflict and his constancy have been full of pathos. How earnestly, how tirelessly, how carefully he toiled for them to the end, and amid his work laid down at last when he could go no further. And now that he has fallen on sleep, how stainless is his record!

"He has lived during a time when vast fortunes have been easily acquired. He has been placed where a less scrupulous man would have grasped great wealth. But he died poor. I think he was a little proud of his poverty. The last time I saw him he told me with evident enjoyment of the jocular greeting of him by a Western Senator, who, meeting him a few years ago at Hot Springs, Ark., grasped his hand cordially and said: 'I love to shake the hands of you old-fashioned Southern Senators. You are poor as church mice, and honest as the noonday.' I trust it is not improper to say I wish we may be always delivered from too thrifty statesmen.

"What a noble spectacle was there! An aged man who had spent upward of forty years in his country's service, now worn by disease and stricken in circumstances, but radiant with cheerful smiling, honor undisturbed by poverty, undimmed by disease, fearless in the face of death. Surely the powers of the world to come had gotten hold of him and lifted him to a serene height of Christian repose, far above the influence of the powers of the world that now is. This was, indeed, his case, for after all we may say of his many excellencies, his crowning glory was his Christian faith and life. A distinguished jurist said to me yesterday, 'He seemed to be a Christian by nature.' He had no patience with a captious skepticism or a patronizing condescension toward the religion of our Lord Jesus Christ. To him it was the holiest verity of life. In the storm of war and in the calm of peace he walked with God. Religion sat naturally upon him, as in charming humility and simplicity he walked among us. The simplest forms of faith were his especial delight. On one occasion I went with him to address a religious assembly. In the order of the exercises I spoke first. When I had finished my remarks, and just before he rose to address the meeting, the choir sang one of the sweetest hymns of Watts. It seemed to fill him with holy rapture. When he rose to speak his handsome face shone with supernatural brightness, his lustrous eyes were full of tears, and his utterance was choked with emotion as he said, impulsively: 'Oh, how I love that song. Many a time my mother has sung me to sleep with it when I was a child. And to-day, if I could hear her sing that song it would be a greater joy than if I could hear all the choirs of heaven.'

"Alas! and did my Saviour bleed,
And did my sovereign die!
Would He devote that sacred head
For such a worm as I?"

"That was the song they sang. Because his Saviour bled and gave Himself that we might live, this noble man has found at last an eternal home and the vanished hand for which he sighed and the sound of the voice that was hushed so long ago.

"When the inspired tinker of Bedford jail watched home his Christian soldier and saw him with them who walk in white within the gates of pearl, he said with a sob that cries even in the printed page—the cry of the homesick—'which when I saw I wished I were among them.' Who among us to-day, after watching this grizzled old soldier home, as he has been fading away from us these months, does not feel as he goes within the gates and meets again the loved and the lost, 'I wish I were among them.'

The eulogy of Judge Candler was pronounced by all who heard it as one of the most remarkable tributes every paid to the memory of the dead.

Battle Ships.

SPEECH

OF

HON. JOHN VAN VOORHIS,

OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, February 20, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the annual naval appropriation bill, containing a provision for increasing the naval establishment of the United States by constructing three seagoing coast-line battle ships, designed to carry the heaviest armor and most powerful ordnance, and to have the highest practicable speed, and to cost \$4,000,000 each; and 12 torpedo boats at a cost of \$170,000 each—

Mr. VAN VOORHIS of New York said:

Mr. CHAIRMAN: I shall vote for the battle ships. Our Navy is the right arm of the nation. It gives us power on the seas. It is a great peacemaker. It will secure the settlement of our national differences by arbitration. It will prevent war. I am for making our Navy strong and powerful. The strength of a nation is measured by its power upon the sea. A strong nation can easily avoid war with honor. A weak nation can sometimes only avoid war by submitting to injustice and humiliation.

A great merchant marine is the necessary sequence of a powerful navy. The construction of war vessels in private shipyards, as a matter of necessity compels those yards to supply themselves with the largest and best tools and appliances for shipbuilding. These yards, thus supplied, build merchant and passenger ships and compete with foreign shipbuilders. Otherwise they could not do it. The result is that American-built ships are rapidly multiplying. The *St. Louis* and the *St. Paul*, new ocean steamers just completed, the equals of the *City of New York* and the *City of Paris*, built in an American shipyard, could not have been built in the United States except for the facilities of an American shipbuilder, acquired in the construction of war ships.

The building up of our merchant marine will continue, and keep pace with our Navy, until our carrying trade upon the seas is done in American vessels, and American steamships transport our passengers over the oceans. There is no good reason that can be given why the United States should not, at no distant time, become the ruler of the seas.

Certain gentlemen oppose the construction of the battle ships because they think an arbitration treaty may be made for the settlement of international disputes, and therefore a strong defensive or aggressive navy is not necessary.

With every effort to substitute arbitration for force in the determination of international differences no doubt we all have the most hearty sympathy. For myself, I will support any honest endeavor to maintain peace and advance civilization. It is apparent that the time has come when all nations should unite in the accomplishment of such reforms in international law as will render war unpopular and impossible. The millenium is not in sight yet; but some progress is being made. A monster Krupp gun was exhibited at the Columbian Exposition, but it attracted less attention than the marvels of electricity. In fact, thousands of people gave it little or no notice. But we must not let our aversion to war and our great desire for a peaceful settlement of national differences deceive us; we must be prepared for whatever may happen.

Just now a great parade is made of the desire of Great Britain to unite with the United States in a treaty of arbitration between the two nations. A member of the British Parliament has presented to the President and to Congress a petition in favor of such a treaty, signed by more than 350 members of that Parliament. Naturally enough, we are led to look into the professions of Great Britain and see how far they extend in the direction of maintaining the peace of the world by arbitration. We find that Great Britain is quite willing to agree to settle her disputes with the United States by arbitration. Her efforts stop there. She is quite willing, and, I might say, eager to tie this country up to arbitration, while she captures as much as she desires of the territory and rights of weaker nations.

In my judgment, it is our duty to refuse proposals for international agreements based on the desire of strong nations to secure themselves against our opposition to their schemes of aggrandizement. It is not enough for us to secure our own peace; we are not troubled about that; we can take care of ourselves. A lieger has been sent to us from the British Parliament, whose mission it was to treat about and see what he could do with this country. He proposed nothing beyond an arbitration treaty with us. When England proposes to the United States to enter into a treaty with her and all the nations to settle national disputes by arbitration we will at once join her in such an undertaking. But now England makes no such proposition.

This country is committed to the Monroe doctrine, the essential feature of which is that the United States will regard as an unfriendly act any attempt on the part of European powers to extend

their systems on this continent, or any interference to oppress or in any manner control the destiny of governments whose independence has been acknowledged by the United States. We will adhere to the Monroe doctrine.

We are bound to see that the lesser American Republics are not overthrown and their territory taken by any foreign power. Certain European powers have designs to carry out in conflict with that doctrine. Let us look at a few facts in the British record on that subject.

There is the little Republic of Honduras. It is not a mighty power with armaments capable of coping with England's navy, nor has it vast wealth reaped from conquered nations. In August, 1873, the British warship *Niobe* approached the seaport of Omon, in Honduras, and fiercely and wantonly bombarded the town. There was no British emissary seeking for peace by means of arbitration, and bearing the indorsement of 350 members of Parliament. Honduras was too feeble a power to be worthy of such diplomacy. England's consul had become engaged in a personal difficulty with a private citizen, and called upon his country's navy to determine the issue. In volume 67 of British Foreign and State Papers for 1875 will be found a full statement of this outrage and an illustration of England's policy of arbitration with weak powers.

Adjacent to Campeche, in Mexico, there is a piece of territory now called British Honduras. The source of this title affords another lesson as to England's foreign policy and her disinclination to indulge in arbitration when no fear stands in the way of her aggrandizement. The right of usufruct, granted by Spain to certain British subjects in that territory, was limited to the cutting down of timber and to trade in other natural products not due to cultivation. This was the entering wedge by which English statesmen, against the protest of Mexico, assumed the full control of the territory, and gave it the present title as a sign of England's theory of international obligations. In his note of February 12, 1873, in answer to a communication from Lord Granville, Señor Lafraga gives the whole story and sets forth in the strongest language the protest of Mexico against this outrage. There was no effort to determine the question by arbitration. England was not treating with the United States. It was perfectly safe for her warships to carry her ultimatum.

Nor was this the only occasion in which Mexico was to suffer because of the British code of ethics. Even in the most highly civilized nations mobs have been known to commit violence. Such an event happened in Mexico, and an English consulate was robbed of a few dollars. The Mexican Government promptly investigated the case and proffered remuneration. But the slow methods of diplomacy were not satisfactory to the British mind. Here was an opportunity to show the wonderful power of her navy, and it was not lost. The money was added to that aggregation of wealth which has flowed into England's coffers through the force of arms.

And there is the Republic of Haiti. A brave people who have given to the world a hero whose name is a household word among lovers of liberty. Struggling against obstacles that might have discouraged a race less determined to work out their own salvation, unskilled in the arts of diplomacy, they were entitled to the sympathy of older nations and to immunity even from British greed. But the bombardment and blockade of Cape Haytien by an English fleet in 1808, showed that not the helplessness of this people, nor the dictates of humanity, could stand in the way of England. There may come a time when England will treat for peace with Haiti. But it will not be hastened by cunningly devised treaties with this country by which the protest of this country can only be made through arbitrators.

Nearly half a century ago English statesmen had cast hungry eyes at Nicaragua. In the occupation of San Juan del Norte and the invasion of Nicaragua by British forces Sir Granville Loch exemplified a policy of infamy and insolence—a policy which holds that weak nations have no rights which England will respect. That policy toward the Republic of Nicaragua continues up to the present moment. Even now the British are contemplating interference with our control of the Nicaragua canal. That canal will be constructed by this Government sooner or later. It will connect the Atlantic with the Pacific Ocean. Its completion will give a tremendous impetus to American commerce. It will give us the supremacy in the Pacific Ocean.

The British build and control the Suez Canal, but are not content. They want to prevent our constructing the Nicaragua Canal if they can. If they can not do that they mean to prevent our having control of it. Only a few days ago the matter of the Nicaragua Canal was brought up in the House of Commons and the ministry interrogated concerning it. The answer of the ministers stated that the British ministry had the whole subject under consideration. Nicaragua would only be a morsel for the British lion, if the United States would keep hands off.

That policy toward Nicaragua continues up to the present moment.

The story of British chicanery in Venezuela is not yet complete. Here is an excellent field for the gentlemen who are now so anxious to secure a treaty of arbitration with the United States of America. Over seventy years ago the Republic of Venezuela succeeded to the

rights of Spain in her territory. There is abundant evidence that the Essequibo River was the western boundary of Guiana. But it was a part of English diplomacy to refrain from making formal declaration of her limits, and to leave them indefinite. Even then there were rumors of vast treasures of ore yet untouched in the little Republic.

As late as 1836 Mr. Robert Ker Porter, the British representative at Caracas, requested the Government of Venezuela to establish and maintain a light-house on Point Barima at the mouth of the Orinoco, thereby recognizing the rights of Venezuela. There was a desire for further explorations by British subjects, and they were willing to accept service from Venezuela, pending their investigations as to further opportunities to extend the dominion of their Government. It cost money to build ships, and the thrifty Britons were not above accepting assistance from a people whom they would make victims of if a gold mine should be found. A few years later a titled representative of England made some surveys in the disputed territory west of the Essequibo, and placed posts to mark his work, but the indignant protest of Venezuela caused the British Government to order their removal. England was not then ready to declare what should be the limits of her greed in this section. Every time a new gold field was opened her statesmen lengthened their telescopes and embraced a wider field over which to exercise dominion.

Here is an opportunity Mr. Cremer and his associates in the British Parliament should not overlook. His request for a treaty of arbitration with Venezuela would be received with a courtesy that would of itself be a valuable lesson for English statesmen. For many years Venezuela has sought for a determination of the boundary question with England. She has asked the friendly offices of this Government to secure for her an arbitration with England. But there are good and sufficient reasons to England why England should refuse. It was once said that Great Britain would go to war at any time over a bale of cotton. Her treatment of Venezuela shows that a gold mine is equally as potent a factor in determining the question of war or peace.

Doubtless England will refuse arbitration with Venezuela so long as new discoveries of gold mines are reported. She will change the line as often as it suits her convenience. It matters little that every year must show constant changes in her demands. It costs but a trifle to engrave new maps, and she can change the maps when she likes. But the opportunity for the United States to demonstrate the better policy should not be lost. Our answer to England's proposal for a treaty must include a demand that it cover every Republic on this Continent. This illustrates a higher public sentiment. It recognizes the obligation of the nation to extend a recognition of human rights beyond our boundaries, and to grant legitimately the benefit of our prestige to struggling republics naturally and properly looking to us for sympathy and support.

That Great Britain's foreign policy has at times been so infamous as to cause her own statesmen to denounce it, is shown by the reports of her officials.

In 1826, on the 15th of July, Mr. Osborne, afterwards Lord Osborne, expressed himself in the House of Commons as follows:

With regard to Brazil, the policy of this Government has not only been tyrannical toward that country but destructive for England. . . . In Brazil public opinion has become so excited against the right of search by our vessels, which the English Government has so terribly abused, and popular discontent so strong that the Brazilian cabinet was obliged to notify England that the ancient treaties with Portugal must no longer be applied to Brazil.

An eminent Brazilian writer on international law, referring to the policy and events alluded to by Osborne, says:

The history of the unjust acts done by Great Britain to Brazil is perfectly summed up in the eloquent speech of the illustrious Osborne.

In 1851, in consequence of illegal seizures of Brazilian vessels in Brazilian ports and harbors, and of attacks upon various points on the Brazilian coast—all of which acts were unauthorized by the treaty between Brazil and Great Britain for the suppression of the slave trade—followed by a demand on the Brazilian Government by the British minister that orders should be given to the ports not to fire on British war vessels entering its ports and harbors for the purpose of exercising the illegal right of search, the Brazilian minister of foreign affairs protested against the act referred to, concluding his note as follows:

That pretended right (of search) Brazil denies and protests against the same, preferring any possible calamity to a recognition of it.

In 1847, in relation to a claim of a British subject against Brazil, the British minister in Rio de Janeiro directed the following threatening note to the Brazilian minister of foreign affairs.

The Government of Her Majesty is fully determined to obtain justice for Mr. Young; it remains, therefore, for the Government of Brazil to decide whether it will voluntarily make the satisfaction demanded, or whether the British Government must employ the means at its disposition to compel that of Brazil to conclude this affair.

In 1862, an English vessel, *Prince of Wales*, was wrecked on the coast of Rio Grande do Sul at a point so near the frontier of Uruguay that it was for a long time impossible to determine in the jurisdiction of which country the accident occurred. In the same year an unimportant conflict between a party of English officers,

landed from a British man-of-war, with the police of Rio de Janeiro assumed the importance of an international question. Of these two events, which conjointly disturbed the relations between the two countries, the latter gave rise to questions which were settled in favor of Brazil by the King of Belgium acting as arbitrator; but the claims arising from the former, Great Britain refused to submit to that, or any other tribunal, preferring to enforce them at the cannon's mouth.

These claims involved cash. England could not risk their arbitration. The British minister at Rio de Janeiro demanded the immediate settlement of these claims, which included not only remuneration for the cargo and seamen's effects, which had washed ashore and were taken possession of by the people in the vicinity of the wreck, but also payment for the vessel itself, hull and rigging. The Emperor was supported in his resistance to these extravagant demands, but after several Brazilian vessels had been seized and condemned as prizes by British war vessels under orders of the British minister, and under the threat of immediate bombardment of the city, he was forced to yield, and the payment in full was made under protest.

The list of Brazilian vessels illegally seized by British cruisers, and for which restitution was never made, may be cited in support of Lord Osborne's declaration that the policy of Great Britain toward Brazil has been one of "tyranny."

Time would fail me to complete the lists of outrages perpetrated on this continent by Great Britain. Enough has been given here to show to the people of the United States that our Government will fail in its duty if it does not insist that any treaty of peace, and for arbitration with England, shall include every nation which needs our moral support. We will not be tied up by a treaty that compels us to look on while England gobbles up the weaker nations.

Pacific Railroad Funding Bill.

SPEECH

OF

HON. HENRY ALLEN COOPER,

OF WISCONSIN,

IN THE SENATE OF THE UNITED STATES,

Thursday, January 31, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 7798) providing for the refunding of the debts of the Pacific railroad companies to the Government of the United States—

Mr. COOPER said:

Mr. CHAIRMAN: The subject under discussion is one of great importance to the people of the United States. In the mere amount of money involved the bill is among the most notable of all those which in recent years have engaged the attention of Congress, while, in its broader aspects, it touches upon great questions of public and of governmental policy, and presents features of deep and far-reaching significance.

It is not my purpose, sir, at this late hour in the debate, and within the brief time allotted me, to attempt a speech arranged in orderly sequence of argument and touching upon all of the matters presented by this very important measure. I propose simply to review, and to endeavor to make reply to some of the principal arguments advanced by the advocates of the bill, and especially those presented this afternoon by the distinguished gentleman from Vermont.

At the outset, before entering upon the discussion, Mr. Chairman, I desire, in view of what has been said during the debate by the friends of the bill as to the motives of its opponents, that my own attitude may be clearly understood. I do not pose here or elsewhere as a professional "reformer." I have never assumed, nor am I about to assume, the role of a professional antimonopolist—a person in season and out of season opposed to all corporations simply because they are corporations. I have no sympathy with the familiar indiscriminate denunciation of railroad companies and their management. My observation is that railway managers are human beings like the rest of mankind—just as good, just as bad, as are men engaged in other reputable pursuits. As a rule, they are possessed of very exceptional ability, and some of them I know to be men of the highest character.

I do not propose to discuss railroad management in general nor in the abstract, but in so far as I speak of it at all I shall confine myself to the concrete examples presented to our notice in the history of the Pacific Railroad companies. The facts to which I shall allude are substantially undisputed, and as to none of them is there any conflict of testimony on the part of disinterested witnesses, among whom I include the members of the Wilson committee of 1873 and of the Pacific Railway Commission of 1887.

And now, Mr. Chairman, I invite attention to some of the statements made by the last member who occupied the floor this after-

noon in advocacy of the bill, the gentleman from Vermont. He has at length and with much earnestness presented certain facts which, he intimates, create equities in favor of the directors and officers of the Pacific Railroad companies, and are therefore of importance in determining the action of the House upon the pending bill.

But, sir, every claim of this character advanced here by the honorable Member from Vermont was urged before the Government Commission of 1887, appointed to examine into the affairs of these companies; every one of the things which he has said so well in extenuation of the conduct of the officers and directors of these corporations was urged by the men themselves in their own behalf; all he has uttered in labored commendation of their bravery and by way of description of the hardships they encountered and of the risks they ran in putting money into a great venture was there presented with as much vehemence and with as much eloquence by these gentlemen themselves and by their representatives, among whom were some of the ablest lawyers in the United States. And, sir, the Commission, without a dissenting voice, declared to be utterly frivolous, nonsensical, and unworthy of a moment's consideration the whole elaborate argument in this behalf then presented before them, and to a repetition of which we have just listened from the lips of the gentleman from Vermont.

The gentleman from Vermont spoke of the difficulties attendant upon the construction of these roads. He alleged that the companies expended a vast amount of money in building them, and that they invested, "risked," their capital without any assurance whatever that it would be returned to them, as if in some way these matters, even if proven, were pertinent to the subject under discussion. But, sir, a complete reply to these suggestions, a demonstration of the inaccuracy of some of them, of the unimportance of others, and of the irrelevancy of the rest, is at hand. By the report, which I have in my hand, of the Commission of 1887 we are informed that 31 miles of the Central Pacific road were built prior to the passage of the act of 1864, and not after that event, as has been suggested here to-day, and that the first eighteen sections were constructed at a cost of \$22,250 a mile. Concerning the cost of these sections the report says:

The construction presents no peculiar features excepting that the bridge across the American River was an expensive structure, and may be accepted as furnishing a fair criterion of the average expense of construction when it does not present any exceptional features.

Now, sir, remember over the mountains they were allowed \$48,000 a mile; for other portions of the road \$32,000 a mile, and for all of the road more than \$20,000 a mile; and here is a statement by the Commission that \$22,500 represents the average cost of construction, except under peculiarly difficult circumstances. These sums per mile came from the Government. In addition to these, the companies were allowed to issue first-mortgage bonds to an amount equal to the total of bonds received from the Government.

Mr. BLAIR. The bonds of the Central Pacific road were sold and realized in currency. The cost of construction is expressed in gold, gold being used on the coast.

Mr. COOPER of Wisconsin. I infer from the suggestion of the gentleman from New Hampshire that he means us to understand that these bonds were sold at a discount. But that intimation is answered by the Commission in its report in the following language:

The statement that the Central Pacific Railroad Company was forced to sell the bonds at a discount and thereby lost the sum mentioned, is hardly accurate. The bonds were exchanged for their equivalent value in gold, but they were not sold at any such discount as stated, measured in legal tender. But viewed in the most liberal light, for the purpose of ascertaining any possible equity or compensation to which this corporation could be entitled by reason of the alleged discount of these bonds, the fact that they are to-day outstanding, and that the United States will be called upon to pay the face value thereof at maturity, on behalf of the Central Pacific Railroad corporation, is a complete answer to any such suggestion. The claim for interest on the amount of the alleged discount is covered by the same consideration.

But, Mr. Chairman, let us return to the point at which I was interrupted, concerning the cost of these roads. In the report of the Central Pacific Company for 1865, signed by Mr. Stanford himself, it is set forth that from the bonds alone they received money amply sufficient for the completion of the road.

Mr. BLAIR. The gentleman will remember that the testimony was that the proceeds of the first bonds and of the Government bonds substantially built the Central Pacific road, though they were left some three or four millions of dollars in debt when they arrived at the point of junction at Ogden.

Mr. COOPER of Wisconsin. In reply to that observation I will quote directly from the report of the commission of 1887, so that there may be nothing of hearsay about my statement:

It appears from the official report of the Central Pacific Company for 1865, signed by Mr. Stanford himself, that the company, through the Government and its own mortgage bonds, had abundant resources for the completion of the road.

I see no allusion here to any lack of funds whatever. The money which built these roads came from the Government and from the first mortgage bonds. With that fact in mind the "risk" does not seem so appalling. Moreover, besides the great loan of its money and credit, the Government gave these companies, outright, a total of more than 26,000,000 of acres of land, upon which up to 1887 they had realized nearly \$40,000,000, with more than 12,000,000 of acres then yet unsold.

Now, sir, what about the hardships which these directors of the Central Pacific endured? What about the bravery which they displayed? Would not \$25,000 a year, would not \$50,000 a year, by way of salary to each of these four men, which last sum is the compensation received by the head of this great Republic, have been ample remuneration for all they suffered? Stanford did no work of excavation; neither Crocker nor Hopkins did any; Huntington did none. Neither individually nor collectively did they do any shoveling except as with their pers and by their votes on every side of every contract they shoveled the money of the company out of its coffers into their own.

How does the commission of 1887 treat that sort of a claim?

A very large proportion of the difficulties, labors, and dangers referred to were borne by the engineers, surveyors, subcontractors, and the laborers who actually did the work. The principal directors of the company all received large salaries as compensation for their various services as president, treasurer, secretary, or manager of the company. It is therefore impossible to find in the circumstances alluded to any justification for the transfer to themselves of the entire franchise of this company represented in its stock, and of a considerable portion of its assets obtained through the contract made by their own votes.

Were they entitled, sir, to virtually all of the stock and of the other assets of this company in return for the awful hardships they endured in receiving these millions of money from the Government and the first mortgage bonds, while, under the supervision of contractors and engineers, Chinamen and other laborers did the work? The Government commission say in effect that in this particular the argument of the gentleman from Vermont is utterly devoid of merit. I will not myself say anything by way of characterization of it.

Mr. TALBERT of South Carolina. No wonder some of them are dead if they worked so hard.

Mr. COOPER of Wisconsin. The gentleman from Vermont declares that there was a great saving to the Government in the matter of transportation because of the construction of these roads, and is apparently of the opinion that this fact also creates an equity in favor of these directors. The commission treats that claim likewise, as entirely unworthy of serious consideration.

The evident object and purpose of the construction of this transcontinental route was to reduce the expense and cost of transportation. This object was avowed and declared and urged as a reason for the granting of the United States aid, and it is certainly a somewhat remarkable proposition that those who have received such aid should claim that the United States was not fairly entitled to the reduction in the cost in transportation, which was intended as the natural result of the enterprise. The claim is in direct contradiction of the terms of the act itself.

The commission, sir, treats as also unworthy of consideration the fact, upon which the gentleman from Vermont elaborated so earnestly, that other railroads were built across the continent by which traffic was diverted. The commission say:

This claim is simply monstrous. . . . When corporations or individuals embark in enterprises for purposes of their own, and with the avowed object of making money therefrom, it is mere idle complaint for them to find fault with the development of other kindred enterprises demanded by the advancing needs of an ever-increasing population. There is, in the judgment of the commission, no merit whatever in this claim for diverted traffic.

Thus vanishes another of the alleged equities presented by the gentleman from Vermont. But, Mr. Chairman, there is another fact which still more plainly discloses the weakness of this contention, and that is that the Northern Pacific received its charter on the very day that the amendatory act of 1864 was passed and before any work was done by the Union Pacific. What force is there then in the argument of the gentleman from Vermont and of others who believe as he does, that the Central and Union Pacific companies are entitled to consideration, despite the embezzlement and fraud and perjury which have marked their management, because other and competing roads were built, in view of the fact that the charter of one of those competing roads was obtained at a time when the Central Pacific had built only 31 miles of its line and before the Union Pacific had done any construction work whatever? The whole contention, sir, does not partake of the character of an argument.

The gentleman from Vermont somewhat criticised my use of the word "trick." I did not intend to be unparliamentary, and it was the farthest from my intention, I beg the House to believe, to say anything in the slightest degree reflecting upon the distinguished gentleman from Vermont. I have served with him on the committee and know his ability and honorable character. Nothing was more remote from my purpose than to impute anything like a trick to him.

Mr. VAN VOORHIS of New York. Well, you charged him with supporting a trick.

Mr. COOPER of Wisconsin. Why, very many honest men have been deluded as I believe you are being, if you now propose to support this bill.

Mr. VAN VOORHIS of New York. I am supporting nothing.

Mr. COOPER of Wisconsin. Many an honest man has supported a dishonest project from the best of motives.

Mr. VAN VOORHIS of New York. I suppose they are all fools but you.

Mr. BOATNER. It simply goes to the discernment of the gentleman himself.

Mr. COOPER of Wisconsin. Certainly. The conscience of the gentleman from New York is not attacked; I simply appeal to his

intelligence. I used the word in describing the bill, not its advocates. And in this connection I call the attention of the gentleman from Vermont to the words of Judge Collamer, of his own State, spoken in the Senate of the United States concerning the act of 1862. That act provides that by way of repayment the Government of the United States shall receive annually 5 per cent of the net earnings of the roads. Senator Collamer, a learned and able man, said:

The idea of men putting their money into this road unless it can be made profitable by this donation is all perfectly idle. There is not any man of common sense who will do anything of the sort unless this donation can make it successful. The honorable Senator from Massachusetts says there is not a man in this body who would put money in it expecting to make a good investment. I take it, there are none who would put it there in any other way. That is a very clear thing. Now, when we are put off with the idea of setting aside 5 per cent of the net receipts, as they call it, of this railroad for the purpose of paying the advance, however successful the experiment may be, it is equally fallacious. There never will be any net proceeds to it if it is profitable, never. There is not any railroad in the country where there is anything of rights reserved to the Government that ever had any net receipts. The stock all runs into the hands of a comparatively limited number of people who are the employees, the agents, the superintendents, the president, and the directors of the road, and every one of them is amply paid and no net receipts ever come in.

What a prophet was the then Senator from Vermont!

All of us who have known anything about railroads perfectly understand that. If the repayment to the Government is to come out of the net receipts, they are never to have anything at all. That is as perfectly clear as that there is any road to be laid from here to the Pacific. If it had said that the gross receipts were to be set apart to pay the advance made by the Government it might mean something, but it is not 5 per cent of the gross receipts, and these gentlemen will never agree to have it so. They do not mean that it shall be any security.

The idea that it is any security is all a fallacy from beginning to end. We are to have 5 per cent of the net proceeds of the road. You might as well, and with as much safety, have said 50 per cent. Fifty per cent on nothing will not be any more than 5 per cent on nothing. It is very modest to put in 5 per cent. Why did you not put in 50? Any man who knows anything about such matters knows that there never will be any net proceeds. If there should really be any proceeds those who have charge of the road will take care that they are used up in paying employees whom they select and in other expenses.

What does all this mean that I have read in the fifth section? Is it a gull, a trick? What in the world is it? Do gentlemen desire to be kept in this shape for the purpose of a mere trap to catch woodcocks? Is it a desire to be exceedingly ingenious and contrive it so that you can gull and deceive the community by this sort of duplicity? It goes on to provide for 5 per cent of the net proceeds, and that they shall do certain work for the Government, and the idea is that if they succeed, if they make the road, they shall render these services to the Government; but if it is profitable to them why should they not pay back the bonds? You keep calling it a loan, but when we come to talk really about carrying the security into effect in the event of the success of the road you hesitate and falter.

It is evident, Mr. Chairman, from the history of these roads that the doubts and suspicions of Senator Collamer and his fear that a trick was intended were well founded. In the light of that history the acts of 1862 and 1864 are revealed as very cunningly devised enactments. And that is the reason, as the gentleman from Louisiana has said, why we should examine every syllable of this bill, lest it, too, prove to be a thing "of tricks and traps." I contended, and now contend, that the sections mentioned by the honorable gentleman from Vermont do not reserve to the United States what they apparently reserve and what we all think ought to be reserved to the Government.

The last paragraph in the bill provides that "Nothing herein contained shall be held to affect, exclude, or impair any right or remedy in the premises now existing in favor of the United States." But, sir, there is no right or remedy now existing in favor of the United States. The Government as creditor has no present right of action in the premises. The Supreme Court of the United States has already decided that the Government is without power to institute proceedings until the bonds have matured and the roads have defaulted; so that it has no present right or remedy against these officers and stockholders and therefore as to it this pretended reservation amounts to nothing.

Mr. VAN VOORHIS of New York. Would you have this Congress create a new cause of action?

Mr. BOATNER. The idea is that these rights shall be reserved, to be enforced fifty years from now if anybody wants to do it.

Mr. COOPER of Wisconsin. Yes, sir.

Mr. VAN VOORHIS of New York. Would you have a bill creating a cause of action that does not now exist?

Mr. COOPER of Wisconsin. No, sir.

Mr. VAN VOORHIS of New York. If there is any cause of action, why do you want a cause of action made?

Mr. COOPER of Wisconsin. I propose to tell the gentleman from New York my objection to these features of the bill. Gentlemen have repeatedly asserted that if the bill were to become a law no rights of action would be lost against any persons who have wrongfully taken the assets of these companies. Now, section 14 of the bill provides that the Attorney-General shall be "authorized by the said company or companies to appear for them or it"—observe the language—"as attorney or solicitor in such action."

He is to appear as attorney for "them or it"—that is, for the "company or companies."

Mr. VAN VOORHIS of New York. Will the gentleman allow me to ask him a question?

Mr. COOPER of Wisconsin. Yes, sir.

Mr. VAN VOORHIS of New York. If the action is to be brought for the United States in the name of the company, who would you have the Attorney-General appear for?

Mr. COOPER of Wisconsin. But, sir, under the provisions of this bill he is to appear for the company, and not for the United States in the name of the company, as suggested by the gentleman from New York.

Mr. VAN VOORHIS of New York. He appears for the company—his name is used.

Mr. COOPER of Wisconsin. Let me restate the point. Every action properly in court is brought by, or in behalf of, a party called the party in interest. By section 14 the Attorney-General is to appear "for the company," when the fact is, that both of these companies are already barred by the statute of limitation and by repeated acts of confirmation and ratification. The bill, therefore, simply names the Attorney-General as a lawyer to appear for a party whose right of action is already barred.

Mr. VAN VOORHIS of New York. That is a bad claim.

Mr. COOPER of Wisconsin. That provision ought not to be here, because it authorizes the Attorney-General to bring a suit that can not be maintained.

Mr. VAN VOORHIS of New York. Why do you not put in a provision that the statute of limitations shall not run against this claim, and that it is not barred?

Mr. BOATNER. I would suggest that these claims and the right of action on behalf of the company against stockholders and directors are barred by the Statute, and their action can not be interfered with by action of Congress.

Mr. VAN VOORHIS of New York. By what statute?

Mr. BOATNER. The statutes in different States where these directors have resided and which have jurisdiction over these transactions.

Mr. VAN VOORHIS of New York. The statutes of a great many of the States provide that the statute of limitations never runs against a foreign corporation.

Mr. HEPBURN. Will the gentleman yield to me for a question?

Mr. COOPER of Wisconsin. Yes, sir.

Mr. HEPBURN. Is it not true that any stockholder during all these years of alleged peculation might have himself brought suits against the directors?

Mr. COOPER of Wisconsin. The first fifty-two millions of the Central Pacific stock was voted by four directors to themselves, virtually as a bonus, and kept almost entirely by them for many years.

Mr. HEPBURN. I remember hearing the gentleman from New Hampshire say that there were more than eight thousand of these stockholders.

Mr. COOPER of Wisconsin. That number related to the Union Pacific and to a period subsequent to the principal transactions by which the Government was defrauded.

Mr. HEPBURN. How does the gentleman account, in the absence of these suits, for the presence of continued peculation?

Mr. COOPER of Wisconsin. I will answer that question. I am very glad the gentleman from Iowa has drawn attention to that point.

Mr. BOATNER. These men had control of the majority of the stock.

Mr. HEPBURN. But it was not necessary that the suit should be brought by those controlling the majority of the stock. Any stockholder for himself, or for another, might have brought suit.

Mr. COOPER of Wisconsin. I will answer the question, I think, to the satisfaction of the gentleman of Iowa. Four men, Huntington, Crocker, Stanford, and Hopkins, had taken virtually all the stock of the Central Pacific Company. They voted to themselves a total of \$52,000,000 worth of stock, and although the law required explicitly that nothing but cash should be taken for it, there was, nevertheless, only about \$400,000 in cash paid into the Treasury. They also voted themselves \$34,000,000 in dividends. That was a paying road down to 1884. Every year there was a considerable net profit. Those men took it all. They absorbed substantially all of the assets. They acted in flagrant disregard of the rights of the Government. Suits were brought against them by Samuel Brannan and Charles A. Lambert and others as owners of stock in the road. The complaints in these suits set forth that these four men had been guilty of many violations of their duty as directors, that they had given very profitable contracts to themselves, and that by means of those contracts they had acquired possession of all the assets of the company remaining after the expenditures of the actual cost of construction. What says the commission of 1887 concerning these suits?

The allegations contained in these complaints were such as would compel men of honor, if these allegations were false, to defend themselves at any cost. It appears from the evidence that all these suits were settled, and that the stock owned by the plaintiffs was bought at rates varying from \$400 a share to \$1,000 a share.

Mr. BOATNER. What was the par value?

Mr. COOPER of Wisconsin. One hundred dollars a share. These facts make plain, sir, the reason why the suits which were brought were not prosecuted, and they also afford a complete and suggestive reply to the question of the gentleman from Iowa.

Mr. HEPBURN. It seems to me that the proceedings there described would be likely to operate as an incentive to other stockholders to go and do likewise.

Mr. COOPER of Wisconsin. Yes, sir; but suppose the other stockholders were about to "go and do likewise," and that they went around to these directors—I do not know that they did, but they could have easily done so—suppose they approached them and said, "If you do not pay us our share we will begin suits." Is it not probable that the directors would say, "All right, how much do you want?" "The Central Pacific pays it," "Jones pays the freight." I have no doubt that that is precisely what took place if other suits of similar character were ever brought. There was only a very small amount of stock out besides that issued by these directors to themselves.

Mr. BOATNER. If the gentleman from Wisconsin will permit a suggestion, we are not dealing here with the rights of the stockholders nor seeking to protect them from the consequences of their failure to protect themselves. We are merely insisting that the right of the United States to protect itself against the consequences of fraud shall be preserved. That is all. If the stockholders did not see fit to assert their rights that is no concern of ours; but we ought not for that reason to give up the rights of the United States.

Mr. VAN VOORHIS of New York. Right on that point. This road has been insolvent for some time, I believe. Now, when a road becomes insolvent the directors become trustees for the creditors, and what is the reason the creditors have not enforced their remedy? They certainly had a right to go into court as soon as the road became insolvent.

Mr. BLAIR. The very proposition that is contained in the Reilly bill proposing to pursue these defaulting officials of the Central Pacific Company is copied substantially from the bill prepared by the same Commission which the gentleman from Wisconsin quotes as authority, and is meant to give every possible remedy against the offenders that can be devised.

[Here the hammer fell.]

Mr. BOATNER. How much time have I remaining, Mr. Chairman?

The CHAIRMAN. The gentleman from Louisiana has forty-eight minutes.

Mr. BOATNER. I yield twenty minutes more to the gentleman from Wisconsin.

Mr. COOPER of Wisconsin. There is another point to which the gentleman from Vermont alluded, and to which the gentleman from New Hampshire [Mr. BLAIR] has just made reference; that is, that certain provisions in the pending Reilly bill are also to be found in the bill prepared by the Commission of 1887.

Mr. BLAIR. The Commission bill was prepared years ago, and that part of the Reilly bill was copied from it.

Mr. COOPER of Wisconsin. The Commission of 1887 did prepare a bill, and the Reilly bill is now before the House. I have already shown what value there is in the provisions of the two bills respecting the maintenance of actions against the directors.

Now let us examine some other features common to both of them. Both measures propose, among other things, to take a new mortgage from the Central Pacific Railroad Company. Let us see what there really is in that provision. No amount of unctuousness—only that I do not wish to violate the proprieties of the occasion I would say no amount of oleaginous argument [laughter]—can suffice to delude anybody about the meaning of that proposition who knows anything about the facts. It sounds well, but it signifies very little. By the report of the Commission we find that the entire amount of the funded debt of the Central Pacific Company in 1887 was ninety million forty thousand and odd dollars.

Since that time its condition has not improved. The company even then had no collateral upon which a new mortgage could be taken—so says the report. It states also that the amount of the funded debt of the company, principal and interest, exclusive of the indebtedness to the Government, aggregated in that year more than \$57,800,000, which sum, the report declares, exceeds the estimated cost of reproducing all the roads of the Central Pacific Company. And yet, sir, we are told here repeatedly of the splendid new security the Government would obtain if this bill were to become a law. Concerning this security the report says:

A present mortgage given by the Central Pacific Railroad, embracing the entire 1,357.29 miles of the road as now consolidated, would therefore give but very little additional security to the present statutory lien.

Sir, this statement shows that though I may properly quote the Commission of 1887 as an authority in its findings of facts, yet that I am not bound to adopt all of its suggestions as to proposed new legislation.

Mr. DUNN. Is not the effect of this bill that it involves an acceptance by the United States of that mortgage?

Mr. COOPER of Wisconsin. Yes, sir.

Mr. DUNN. How, then, could the Government, or those who compose the company, pursue the men who have defrauded the roads?

Mr. COOPER of Wisconsin. The company can not do anything of the kind, nor could the United States, at least not for another fifty years.

Mr. Chairman, the gentleman from Vermont dwelt with great force upon the rights of innocent stockholders. He said, "Here are a number of persons who have purchased this stock innocently and they should be protected." I assert, sir, that the word "innocent" can not be used with any sort of propriety in connection with the

purchasers of the stock of these roads. The records of these companies have been open to the public. No man is justified in buying anything in the form of corporate stock without first examining as to the condition of the corporation. These stockholders knew—they were bound to know—the financial condition of these bond-aided companies; they knew that their funds had been fraudulently diverted; that their directors had conspired, and successfully, to render it impossible for the companies to meet the indebtedness to the United States at maturity. They knew all of these things; they took the stock with notice, every one of them, and are in no proper legal sense innocent holders of it.

But, sir, let us inquire a little further as to the soundness of this claim on behalf of the innocent stockholders. The memorial presented to the House by the Union Pacific Railroad Company expressly declares that nothing can be done toward a reorganization without a foreclosure. Every person who has appeared before our committee and been examined on this point has declared that no reorganization can be effected without a foreclosure. Mr. Carr, of Boston, appeared there in behalf of certain Union Pacific interests, and the colloquy between him and the gentleman from New Hampshire is very instructive when read in connection with this plea for the innocent stockholders. Here it is:

Mr. BLAIR. Do you expect the stockholders will ever realize anything in the aided roads?

Mr. CARR. I do not see why they should not.

Mr. BLAIR. I believe the bills provide for foreclosures. * * * The effect of that would be that it would wipe out the original stock?

Mr. CARR. It would practically do that.

Mr. BLAIR. As to the branch lines—what effect would it have upon them?

Mr. CARR. It would be the same with them.

Mr. BLAIR. The stock in the entire system would completely disappear?

Mr. CARR. That would be the practical effect of it.

Mr. BLAIR. Allow me to say—

Mr. COOPER of Wisconsin. Sir, with a foreclosure and a sale under it—when the stock of the entire system has “completely disappeared”—what, I ask, will become of these innocent stockholders, about whom during this debate the friends of the bill have evinced such extreme and anxious solicitude, these persons who have a little stock here and a little there? They will not be called to bid at this foreclosure sale. No, sir. The big men who have the money will do all of that business; to them the roads will be sold, and the innocent little stockholders will be heard of no more, forever. [Applause.]

Mr. BLAIR. Will the gentleman allow me a moment?

Mr. COOPER of Wisconsin. I must refuse just now, because I have only a few minutes.

These men want to use this great line of road for two generations to come. They want to use millions and scores of millions, money and property, of which they are not entitled to a dollar. And we are asked as national legislators making laws for the United States of America, the grandest Republic in the history of mankind—we are asked to discriminate in favor of rich men solely because they are rich, to sanction repeated violations by the past management of these companies of every rule of common honesty, to forgive and condone what we would not forgive and condone in any one except the Union Pacific and the Central Pacific Railroad companies; and all, sir, under the poor, weak, pitiable pretense that we are thereby guarding the interests of innocent stockholders.

But, Mr. Chairman, let us examine this matter of the alleged innocent stockholders from another point of view and assume that there is to be a reorganization without foreclosure. Then, sir, in that event I can conceive of no reason which could be expected to induce us to say that the farmers on the line of the Union Pacific, the farmers on the line of the Central Pacific, the miners on the lines of these roads, all of the people of the United States who travel or ship freight over them, must for long years pay such charges as will enable these companies not only to liquidate the Government debt but also at the same time to pay interest and dividends upon a hundred and seventy millions of fictitious and fraudulent capitalization. For, sir, they must be allowed to charge what the law calls “reasonable rates,” and reasonable rates are such as will furnish a fund to meet indebtedness, and at the same time yield a fair return on the investment.

These companies have \$170,000,000 approximately of watered stock, fictitious capital, bonded indebtedness, the bonds of which were executed by these directors and paid to construction companies and to similar corporations, in some of which they themselves were the sole, and in others the principal, stockholders. This fraudulent stock, this fictitious capitalization exists to-day, and we are asked in effect to say to these companies, go on; do as you please for fifty years more, only give us our money—give us our money.

Mr. CANNON of Illinois. Will my friend allow me, for information, to ask him a question?

Mr. COOPER of Wisconsin. I would like to proceed without further interruption, if possible, as I have but a few minutes.

Mr. CANNON of Illinois. My question bears directly on this point and I will make it brief. As I understand from listening to the discussion, these parties after the passage of the bill, if it should pass, will pay off \$60,000,000 of the first-mortgage bonds. Am I right in that?

Mr. COOPER of Wisconsin. They promise nothing. The Central Pacific says not a word. Attorneys and agents for the Union

Pacific stockholders have said before our committee that their company might clear off the first mortgage from their line. But there is nothing definite, nothing like a contract, no mutuality whatever. The bill simply proposes that if these two companies will pay off the first mortgages on their respective roads, then that certain other things shall follow. The balance on the first mortgages aggregates about \$40,000,000. But it is all “if,” “if.”

Mr. CANNON of Illinois. Is not the amount sixty millions in round numbers?

Mr. COOPER of Wisconsin. There are about \$16,000,000 in the sinking fund of the Union Pacific.

Mr. HAUGEN. But whether they pay off anything will rest altogether on their good faith?

Mr. COOPER of Wisconsin. Yes; it will rest altogether on their good faith.

Mr. CANNON of Illinois. If they do not do it the bill will not amount to anything; but if they should do it I will ask my friend from Wisconsin whether the Government will not be somewhat nearer securing something on its indebtedness than it now is?

Mr. COOPER of Wisconsin. That, if the gentleman will permit me, is the last consideration which ought to affect the decision to be made here. In my opinion it should not weigh an atom in the judgment of any legislator in this Chamber when he comes to contrast it with the other proposition embodied in it—which is, that this fictitious capitalization, this embezzlement, these frauds, are to be recognized by Congress as something inevitable, and that concerning them the Government of the United States is to declare itself not only impotent and remediless, but utterly indifferent. Sir, there is a larger and a more just view which we ought to take of our duty in this relation. This great gift of lands and credit, this enormous loan of money, were made to accomplish a great national undertaking, to promote great public purposes for great public objects. Every consideration which ought to actuate us as Members of Congress, the highest and noblest public policy, demands that we do not compromise offenses like these nor fritter away the rights of the Government, but that we impartially and fearlessly enforce the laws. [Applause.]

I am not advocating, Mr. Chairman, that the Government of the United States shall participate in the ownership of all the railroads of the country; but, sir, I am in favor of foreclosing upon this particular indebtedness and of letting the company or companies which succeed to the interest of the Government have the right, on a legitimate capitalization, to conduct the business and to receive a fair return—as suggested in the proposed substitute bill of the gentleman from Louisiana—as their remuneration for the service and outlay.

Mr. CANNON of Illinois. And that, as I understand the gentleman, whether the Government gets a cent or not.

Mr. COOPER of Wisconsin. No, sir; but I will say again to my friend from Illinois that I do not think the payments proposed by this bill amount to the snapping of my fingers when compared with the other questions here involved. We are legislating, it must be remembered, for a territory which is an empire in extent and concerning matters that will vitally affect it for fifty years to come. Fifty years ago what is now the State of California did not possess a population of 25,000 men. Nebraska, Kansas, Colorado, California, Oregon—the great West—were all a wilderness. We know what that wilderness is to-day.

But, Mr. Chairman, what will it be in fifty years from now, when its fabulous resources of metal and mineral have been developed, when the lands have been irrigated, when millions and tens of millions more of enterprising American citizens are established there? They are to be the people who will ship their products over these roads, and it must be remembered that we are legislating for them. And, sir, I repeat that two or three millions of dollars to go dribbling into the Treasury from these companies annually for fifty years is not worth considering for a moment in comparison with the importance of the other questions presented.

Mr. CANNON of Illinois. The gentleman, I understand, is on the committee. I am not. I must get my understanding of the merits of this discussion from those who do understand it. I desire to ask the gentleman—

Mr. COOPER of Wisconsin. Let me say another thing.

Mr. CANNON of Illinois. I wanted to understand the position. The gentleman is in favor of abandoning the indebtedness of the Government entirely?

Mr. COOPER of Wisconsin. Not at all. The gentleman misunderstands me. I propose to collect the entire indebtedness. Why, the argument of the gentleman from Vermont that we are to lose the Omaha bridge, seems to me to be the giving away of our rights in advance of and in opposition to what clearly ought to be the ultimate determination of the question. The act of 1864 provides for the building of that bridge, and Senator Collamer, in a speech in the Senate, quoted the law of 1862 and said that the Government can take—what? To use his words, “the whole line of the road in the event of the nonpayment of the debt at maturity.” That was the understanding at the time the law was enacted. Senator Collamer said:

If they do not pay the bonds as a security for which they profess to make them, a mortgage on the road, it is to be taken possession of. It expressly says: “And to secure the repayment to the United States, as hereinafter provided, of

the amount of said bonds so issued and delivered to said company, together with all the interest thereon which shall have been paid by the United States, the issue of said bonds and delivery shall, ipso facto, constitute a first mortgage on the whole line of the railroad."

It is expressly provided that the Government may take possession of it.

The majority of the Committee on the Pacific Railroads do not go so far as to declare that the case of the Government is absolutely hopeless. On the contrary, they say it may be doubtful; but the gentleman from Vermont gives up all hope beyond question. The minority of the committee claim that the Government of the United States has a lien on the whole line of road—

Mr. WEADOCK. Did not the Supreme Court of the United States, in the sinking fund cases hold—

Mr. COOPER of Wisconsin. The gentleman will please excuse me, I can not yield.

Mr. BOATNER. If my friend will permit me, he did not answer the question of the gentleman from Illinois in regard to what the minority of the committee proposed to do with the railroad. He asked if we proposed to give away the debt of the United States.

Mr. COOPER of Wisconsin. Not at all.

Mr. BOATNER. I ask him to state if he proposes to subject the roads to the rights of the United States?

Mr. COOPER of Wisconsin. Yes, sir; undoubtedly, and to recover the assets which have been fraudulently converted.

Now, Mr. Chairman, a word about the value of some of the other alleged new security to be received under the proposed fifty-year mortgage and particularly as to the Union Pacific collaterals. The commission of 1887 expressed its belief that if the Government of the United States could obtain a mortgage on the stocks held by the Union Pacific company, which carry the control of the branch lines, it would secure an important and valuable increase of its security.

Now, sir, since this report of the Commission these stocks and collaterals of the Union Pacific have been newly mortgaged. In 1891, as narrated by one of the attorneys who came before our committee, there was a great deal of floating indebtedness, and the holders of the floating debt, each of whom had collaterals, were asked to come in and take new notes, running for three years (maturing shortly prior to the commencement of this session of Congress, it will be observed), and these new notes were secured by a consolidation of the collaterals. These consolidated collaterals were placed in trust with Drexel, Morgan & Co.

Now, what did these collaterals include? They included five millions of the Kansas Pacific and collateral mortgage bonds; about five million of Union Pacific Coal Company bonds; the stock of the Union Pacific Express Company; the controlling interest of practically all the branch lines and a large amount of the bonds issued by the branch lines, and, to quote the language of this attorney, "everything which the Union Pacific Railway Company had which it could pledge or put up as a collateral for these notes."

Now, sir, I want to know what the value would be of another mortgage upon these same collaterals, a mortgage which this bill provides that we take? The present mortgage on them bears 6 per cent interest, and is upon stocks and bonds which absolutely control the branch lines, and which, as a witness, Mr. Coster, of New York, declared, make up also practically the controlling interest in the Union Pacific system.

Mr. BLAIR. Does not the gentleman think he ought to state that that collateral was mortgaged to meet an impending floating debt of \$20,000,000 which was due and upon which the road could be immediately forced into the hands of a receiver, and that they pledged those collaterals to meet that debt of \$20,000,000, and that enough of those collaterals have been sold to reduce that floating debt down to \$11,000,000?

Mr. COOPER of Wisconsin. The mortgage upon those collaterals at present amounts to \$11,000,000 and bears interest at 6 per cent. It is claimed to be a good mortgage upon good property. How unwise then would be the mortgagees to surrender it or in any manner subordinate their claim to that of the Government. And how foolish would be the Government of the United States to take a second mortgage upon collaterals already mortgaged to practically their full value and paying 6 per cent interest. And, sir, this attorney when before the Committee on the Pacific Railroads went on to show what it was meant he should be able to show, that this company has the Government of the United States where they think it is in an "emergency" and must compromise at their terms. He proceeded to say, substantially, that the holders of these securities would lie back and be independent in the matter. From these facts it can be easily determined about what additional security the Government would acquire by the proposed new mortgage on the collaterals of the Union Pacific.

Mr. Chairman, I desire next to inquire a little as to the accuracy of the statements of the gentleman from Vermont and others who have spoken in favor of this bill, that the misfeasance and wrongs of which its opponents complain were all matters of nearly thirty years ago—"too ancient" to be now considered. Their language left the impression that all of the outrageous contracts by which these directors enormously enriched themselves and dispersed the assets of their companies were matters of thirty years ago. But

this, sir, is a mistake. The commission of 1887 in its report says concerning the Central Pacific Company:

The financial inability of the company to meet these requirements is the result as before stated of the prodigal and wanton dispersion of the assets of the company in dividends, the aggregate amount of which exceeded \$34,000,000, and of the extravagant contracts persisted in to the present time, as evidenced in the case of the construction contracts for the northerly end of the California and Oregon Railroad, by the Pacific Improvement Company, entered into in October, 1886.

This contract, made so late as 1886, was of a most extraordinary character. It was a contract for the building of 103 miles of road, entered into by the Central Pacific Railroad Company with the Pacific Improvement Company. The Pacific Improvement Company when organized had four stockholders—Stanford, Huntington, Crocker, and Hopkins. Subsequently David M. Colton was given a small amount of stock. So that in making this contract the first-named four men, who together absolutely controlled the Central Pacific, virtually contracted with themselves. The books of the Pacific Improvement Company were secured by the Commission of 1887, and the cost of these 103 miles of road ascertained to be three million one hundred and thirty-eight thousand and some odd dollars. But the Central Pacific Company—that is, Stanford, Huntington, Crocker, and Hopkins—paid to the Pacific Improvement Company—that is, Stanford, Huntington, Crocker, et al.—for these 103 miles of road stock and bonds the cash value of which was \$3,340,000.

And

Says the report—

this extraordinary transaction is being consummated to-day, in the face of this investigation, and in violation of every duty which the directors owe to the stockholders of that company and to the Government as its chief creditor.

Here, at least, is one matter not too ancient for us to take into consideration at this time.

But, sir, Mr. Anderson, of the Commission of 1887, testified before the Committee on Pacific Railroads during the present month that the contracts of the Union Pacific with the Oregon Navigation Company, which he says contributed largely to cause the bankruptcy of the Union Pacific Company, were made in 1887, while the Commission was in session.

Mr. HAREIS. They were made to defeat the Thurman Act.

Mr. COOPER of Wisconsin. The gentleman from Vermont is wonderfully mistaken if he thinks these ruinous contracts were all made thirty years ago. Seven years ago, while the representatives of the Government of the United States were conducting an investigation of the affairs of these companies, the directors of the Union Pacific made a contract which Ellery Anderson says practically caused the bankruptcy of that company. Under that contract they guaranteed 6 per cent on the capital of the Oregon Navigation Company \$25,000,000; they also guaranteed 6 per cent on the bonds of that company, amounting virtually to another \$20,000,000, which would make 6 per cent on an aggregate of \$45,000,000. The money to pay this guarantee had to come from the earnings of the Union Pacific. What else? Mr. Anderson says he has no manner of doubt that the men who were in the Oregon Navigation Company, and were the beneficiaries of this contract which bankrupted the Union Pacific, were some of them the same men who as directors of the Union Pacific voted the contract, and therefore it is plain they voted it to themselves. And, sir, in one year this contract caused a loss to the Union Pacific of \$1,760,000.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BOATNER. I yield the gentleman the balance of the time.

Mr. POWERS. I ask the gentleman from Wisconsin if I understand him to say that I said the fraudulent contracts of the Oregon Navigation Company were made thirty years ago.

Mr. COOPER of Wisconsin. No, sir; but the gentleman did declare that in discussing these fraudulent contracts the opponents of the bill were going back to transactions of thirty years ago, and he employed language to the effect that such matters should all be shut out and forgotten during this debate. Here, sir, is a contract made seven years ago, which bankrupted the Union Pacific, a contract made by men who voted it to themselves. Mr. Anderson says there is no question about that. That is the substance of his testimony.

Mr. VAN VOORHIS of New York. Does Mr. Anderson favor this bill?

Mr. COOPER of Wisconsin. Yes, he favors this bill.

Mr. VAN VOORHIS of New York. With an amendment?

Mr. COOPER of Wisconsin. With amendments. He desires that the interest be reduced to 2 per cent, and he also wishes other amendments of importance.

Mr. Chairman, this bill is fatally defective, because it entirely ignores certain facts which are of vital importance to a proper solution of this problem. These two companies differ widely from each other in the facts of their creation and subsequent history. The Central Pacific is a corporation created in the year 1861, under the laws of the State of California. By the constitution and laws of that State the life of a corporation chartered in California is limited to a period of fifty years. The present Central Pacific Railroad Company will therefore cease to exist in the year 1911, thirty-four

years prior to the expiration of the fifty-year period of extension proposed by this bill.

The Union Pacific Railway Company, on the contrary, is a corporation created by act of Congress and with no specified limitation as to the term of its existence. The main line of the Union Pacific railroad proper extends from Council Bluffs, Iowa, to a point 5 miles west of Ogden, in the Territory of Utah, where it meets the Central Pacific railroad. From this meeting point the Central Pacific railroad main line runs west to San José on the south end of San Francisco Bay, the main lines of the two companies thus together constituting one great trunk railroad from Council Bluffs to San José.

Now, sir, let us suppose that this bill were to become a law, and that the Union Pacific should carry out its requirements so far as they relate to that company, but that the Central Pacific, in the course of three or four years, should make default. In that event the Government would be compelled to resort to a foreclosure on the Central Pacific road alone—upon a road the eastern terminus of which is at a barren spot 5 miles west of Ogden. Foreclosure on this security would then be the sole recourse of the Government against the Central Pacific Company, for the reason, among others, that by the enactment of this bill into a law, and the acceptance of its provisions by the companies, there would result a complete and perfect novation of the debt and a consequent release of existing personal liability therefor.

Mr. Chairman, this bill is seriously defective in other particulars. If there is to be a foreclosure and sale then of necessity new successor corporations must be chartered. This bill omits provisions essential to the proper regulation of these possible new companies, unless, sir, we desire a repetition in the future of the frauds which have made the past management of the old companies a national scandal and disgrace.

These roads are engaged in interstate commerce. Is the Government of the United States to grant the charter of the successor to the present Union Pacific Company, or is it to be obtained in one of the States? If the new companies are to receive their charters under State laws, is the Government to say nothing as to what the charters shall contain? Are the corporators to be allowed to go to one of the States and after the exercise of a sufficient amount of "influence" secure whatever they may be able to obtain in the way of a charter, such an one, for instance, as was generously granted to the Southern Pacific Company in the State of Kentucky? How much capital stock are the new companies to be allowed to issue? Where is the provision on that point in this bill? Where is the restriction to prevent fictitious and fraudulent capitalization and bonded indebtedness?

Where is the supervisory clause? Where is there anything in the bill to guarantee protection to the patrons of the roads who are to pay this money? For, sir, it is not the stockholders of these companies who will pay it, nor the officers, nor the directors, but every dollar of it is to come from the people of the United States; the people must pay it all. [Applause.] That, sir, is one of the great central facts to be borne in mind here.

Have we learned nothing from the past? Is the future to be left to chance? The gentlemen who have spoken here in advocacy of this bill would apparently allow the companies, or their successors, to go on and do as they please so long as we get the comparatively trivial contribution of two or three millions a year for fifty years—for a generation after the majority of the members of this House are dead and gone. Is that the statesman-like view we should take of a problem so vast as this, fraught with such transcendently important consequences to those who now inhabit, and are hereafter to inhabit, the great territory of the West? The directors of these companies, as is natural under the law, will hereafter recognize no obligation except that of earning dividends, while we, as national legislators, are responsible to the great body of the people.

Are we to legislate as statesmen when a problem of statesmanship is presented to us, or as mere collectors of bad debts. [Laughter and applause.] Avarice was the god which wrecked these railroads. Is avarice the god of the Republic of the United States as represented in its Congress? Are we to fall down and worship the golden calf, surrender to arrogant, conscienceless dishonesty solely because it is rich and powerful, and like a harlot sell the honor of the Government for money? Sir, there is no reasonable excuse which can be urged here for the turning over of these great national trunk-line roads to corporations upon their mere suggestion of a promise—a promise not yet made, and even if it were made, still one which friends of the bill who have addressed the House declare they do not know whether these companies propose to try to keep, or possibly can keep.

But it is said, "if they do not keep their promise we will foreclose." And yet, the very gentlemen who have thus argued here in favor of the bill tell us we must not foreclose; that the Government must never lay its impious hands upon these railroads. They denounce every proposition for the United States to enforce the contract and the law by a foreclosure, because, they say, the Government must never have anything to do with the management of a railroad. But, when we ask them what they themselves propose to do in the event that this bill becomes a law and the companies make default, they promptly reply, "foreclose the mortgage." I am

unable to reconcile these statements, but I think the gentlemen evidently desire to express their belief in the inability of the Government to properly conduct the affairs of these companies for any period, no matter how brief.

Mr. Chairman, Judge Dillon, of the United States court, made an order in 1886 appointing Hon. J. D. Grinnell receiver for the Central Railroad of Iowa, and in that order he said:

The railroads in the hands of the court, and in the circuit there are eight or ten, have all been run with less expense and have made more money than when they were operated by the companies, and we hope and believe, under your supervision, that this road will prove no exception, and that the property will be worth more at the end of the litigation.

After nearly three years of service Mr. Grinnell resigned, and Judge Grant, in asking for the discharge of his bondsmen, said:

I concur entirely in the opinion of the State commissioners, that he has very much improved the condition of the road, and has left it in a far superior condition to that in which he received it.

These quotations I have read from a work on railroads written by an ex-governor of the State of Iowa. Now, sir, in such a matter the Government of the United States could assuredly do all that one of the judges of its courts could do. I see no reason why the Government can not take this line of road, as Senator Collamer said it would take it, and would take the whole of it, if the contract were not lived up to. The control of the main line would secure to it a large proportion of the business of the branch lines. This was admitted to be true by Mr. Simpson, of counsel for the Union Pacific, in his statement before our committee as follows:

Mr. SIMPSON. * * * I do not think it is necessary for the Union Pacific to own, or by contract or otherwise control, the branch lines in order to get a large part of their business, because natural laws would send a large percentage of the business to the Union Pacific.

Mr. HARRIS. As to some of the branch lines, I would rather see them owned by some one else than the Government.

Mr. SIMPSON. I agree to that. Some of the branch lines are not desirable in a reorganization and should not be taken in. There are others which it would be desirable to have.

Mr. Chairman, let the Government enforce its claims by foreclosure rather than enact the pending bill into law.

There is the one hundred and seventy millions of fraudulent capitalization. Wipe it all out by foreclosure; give the management of the road to men who are honest; hedge them about with restrictions and safeguards to protect the interests of the people of the West, and of the United States generally, who must ship over that great trunk line. Limit fairly the amount of the capital. Let it be conducted strictly under Government supervision for a time and then turn it over to a corporation or to corporations with the right to receive an honest return upon an honest investment. But do not give the present corporations, merely at their request, an extension of fifty years. I wish to be entirely fair.

But what claims have they upon the consideration of the Government? They can not deny that their present financial condition is directly chargeable to themselves. It is not the fault of the Government, for it gave to them with lavish prodigality. It is not to be attributed to oppressive laws, nor has ill fortune brought it upon them. They can not rightfully come to the Government and ask for a renewal of its kindness and liberality under the claim that they have been unfortunate, and that their condition is such as honest management could not have foreseen and prevented.

Sir, they can not come here as honest debtors pleading misfortune as an excuse for failure to meet their obligations, and asking the Government, an indulgent creditor, in mercy and justice to extend the time for payment. No, sir: nothing of the kind. They are here unable to deny that their condition is due to fraud and corruption of every sort known to corporate management. Their directors misappropriated funds; they destroyed books of account to hide the evidences of guilt; and in furtherance of their dishonest and disreputable schemes certain of the directors of each company resorted to perjury.

The cost of the Union Pacific road, like the cost of the construction of the Central Pacific, was substantially equivalent to the proceeds of the first-mortgage bonds and of the Government bonds, or about \$50,000,000 in the aggregate, and yet the amount charged to the company was more than \$97,000,000. The directors of both companies bonded the land grants, they bonded the incomes of the companies, they took everything there was in the roads, virtually all of the stock, and then members of each board made affidavits, signed and made oath to them, that all the stock was fully paid, when, in fact, out of a total of more than \$97,000,000 of stock in these companies, less than \$2,000,000 was actually paid in. I do not wish to speak disrespectfully of the dead, but was not that perjury? These men have been called financiers; as such they have been denominated during this debate. Financiers indeed!

Mr. BOATNER. In the modern acceptance of the term.

Mr. COOPER of Wisconsin. Financiers! There have been financiers of a different kind. George Peabody was a great financier, and among all the millions which he left to bless mankind there was not a dishonest penny. His name is immortal for true genius in finance, for nobility of character, for bountiful goodness. It is hallowed forever in the affectionate remembrance of the world. So, in another sphere, we have had great financiers—Turgot, for example, and Hamilton, and Gallatin. You remember, sir, that Webster

said of Hamilton: "He smote the rock of the national resources and abundant streams of revenue gushed forth. He touched the corpse of public credit and it sprang upon its feet."

These "financiers" of the Pacific railroads smote the rock of their company's resources and abundant streams of revenue gushed forth—all of which they carefully turned into their own pockets. [Laughter.] They touched the living credit of their corporation and it fell a corpse at their feet. [Laughter and applause.] Persons of discernment will be able to note a distinction between these two classes of financiers. [Renewed laughter.]

Mr. COOPER of Florida. Let me ask the gentleman a question. Is it a fact that unless we pass this bill now there is no provision to protect the lien of the United States until the meeting of the next Congress?

Mr. COOPER of Wisconsin. No, sir; it is not a fact, and I am pleased to have the gentleman from Florida propound that question. Here is the law of 1887. By the way, four days ago that proposition was presented to me by a very prominent member of this body in the utmost good faith and he expressed much surprise on learning that the statute which I am about to read was in existence. It was read last evening by the gentleman from Kansas [Mr. HARRIS]. By the act of March 3, 1887, it is provided:

SEC. 4. That whenever, in the opinion of the President, it shall be deemed necessary to the protection of the interests and the preservation of the security of the United States in respect of its lien, mortgage, or other interest in any of the property of any or all of the several companies upon which a lien, mortgage, or other incumbrance paramount to the right, title, or interest of the United States for the same property, or any part of the same, may exist and be then lawfully liable to be enforced, the Secretary of the Treasury shall, under the direction of the President, redeem or otherwise clear off such paramount lien mortgage, or other incumbrance by paying the sums lawfully due in respect thereof out of the Treasury; and the United States shall thereupon become and be subrogated to all rights and securities theretofore pertaining to the debt, mortgage, lien, or other incumbrance in respect of which such payment shall have been made.

It shall be the duty of the Attorney-General, under the direction of the President, to take all such steps and proceedings, in the courts and otherwise, as shall be needful to redeem such lien, mortgage, or other incumbrance, and to protect and defend the rights and interests of the United States in respect of the matters in this section mentioned, and to take steps to foreclose any mortgages or lien of the United States on any such railroad property.

SEC. 5. That the sinking-funds which are or may be held in the Treasury for the security of the indebtedness of either or all of said railroad companies may, in addition to the investments now authorized by law, be invested in any bonds of the United States heretofore issued for the benefit of either or all of said companies, or in any of the first-mortgage bonds of either of said companies which have been issued under the authority of any law of the United States and secured by mortgages of their roads and franchises, which by any law of the United States have been made prior and paramount to the mortgage, lien, or other security of the United States in respect of its advances to either of said companies as provided by law.

Mr. CANNON of Illinois. Is there an appropriation?

Mr. COOPER of Wisconsin. The sinking funds are available.

Mr. CANNON of Illinois. I understand that, but I wish the gentleman would read the item appropriating the money out of the Treasury to meet demands on the first-mortgage bonds if there is any such appropriation.

Mr. COOPER of Wisconsin. This law provides that the money shall be paid "out of the Treasury." That is a sufficient appropriation. I am only citing this, and I am very glad the gentleman from Florida has by his question called my attention to it, to show the lack of that emergency which is being urged here as a reason for deciding this matter within two days. The emergency does not exist. We have five dollars for every one which need to be used until more than a year from now. The average maturity of these bonds is January 1, 1897. There are only about \$3,000,000 that need to be attended to at present, or approximately that, and we have \$16,000,000 in one sinking fund and \$7,000,000 in another. The emergency assumed in the question which the gentleman from Ohio propounded this morning to the gentleman from Kansas does not exist. It was simply an assumption, honest on his part, but nevertheless an assumption, baseless in fact.

The President, Secretary of the Treasury, and Attorney-General, under the act of 1887, have ample power to protect the rights of the Government. Therefore there is no immediate emergency, and all of this assertion about the absolute necessity of the prompt passage of this bill, or in the event of a failure to so pass it, the total loss of the Government claim, is, with all due respect to the gentlemen who have uttered the statement, absolute pretense. It has no force behind it. No, sir; there is no such emergency, although a deliberate attempt has been made to create an appearance of one. This matter has been delayed and delayed and delayed.

The bill was reported shortly before the summer adjournment. After the adjournment we were busy preparing for the election. After the election we came here. December passes; nearly the whole month of January passes. The last week of January arrives and then suddenly a great emergency is discovered, and the astounding proposal is made to the House, in the first instance, that we be gagged with only four hours of general debate upon a bill which provides finally as to the disposition to be made of a claim for approximately \$140,000,000, and as to what shall be the management of these great national trunk-line railroads for a half century to come. They talk about an emergency in order to stampede Congress—

Mr. REILLY. On the subject of an emergency I should be glad to make an inquiry of the gentleman, if he will allow me.

Mr. COOPER of Wisconsin. What is it?

Mr. REILLY. During the next three years, if Congress does not legislate on this subject, will not the United States Treasury have to pay out \$60,000,000 in cash to redeem the subsidy bonds, in addition to the amount it has already paid, making an aggregate of \$136,000,000?

Mr. COOPER of Wisconsin. The gentleman's question may or may not assume the fact. But, as Leonard Swett was wont to say, as he rose, twirling his eyeglasses, to reply to any suggestion of this character when addressed to him, "While the gentleman's observation may be entirely sound, and I presume that it is, it is unfortunately not germane." [Laughter.]

Mr. REILLY. It is not germane if Congress does not see fit to take action to secure the payment of a \$136,000,000.

Mr. COOPER of Wisconsin. Three years, as suggested by a gentleman near me, is a longer time than two days. There is ample time and opportunity in which to draft a bill and make of it a law which will more nearly meet the requirements of the situation than would the bill under discussion. You have been struggling with this bill for a year—

Mr. REILLY. Yes.

Mr. COOPER of Wisconsin. Then you came in here and induced the Committee on Rules to say that the whole House—after a year of disagreement among the members of the Committee on the Pacific Railroads as to the provisions of the bill—that we as a House are to make up our minds upon this vitally important matter after a general debate of four hours and a rambling, incoherent, slipshod five-minute debate lasting one afternoon. Sir, there is apt to be a difference between a law enacted after a stormy discussion of this kind, to meet an alleged "emergency" of the sort conjured up here, and one enacted after the people of the United States have had this question brought to their attention and when all the Members of Congress have had an opportunity to become familiar with the facts of the problem. [Applause.]

Mr. Chairman, I observe that my time has nearly expired. As I said in the beginning of my remarks, I do not pose here as a professional "reformer." I have no thought of that kind. I do not assume to be a professional antimonopolist. I do not believe in indiscriminate denunciation of all men engaged in corporate business. I have not, nor have I ever had, any sympathy with such manifest unfairness. Nor, as I said before, am I here to advocate that the Government of the United States take all the railroads of the country. I only believe that the Government of the United States ought to take this line of railroad because that is the way to do justice to all parties concerned—

Mr. HARRIS. And comply with the law.

Mr. COOPER of Wisconsin. And to comply with the law. The gentlemen in favor of this bill must, to be consistent, oppose foreclosure under any circumstances. If the conditions of the mortgage to be given under the bill are not complied with the horror of foreclosure will still be as potent with them as ever. Foreclosure is never to be thought of. To accord with the views now entertained by a majority of the Committee on the Pacific Railroads the proviso in the act of 1862 ought to have been to this effect: "Unless you pay these obligations at maturity we will foreclose on the roads: *Provided, however*, And this great loan of money and gift of lands is upon this express condition—that if you do not pay these obligations at maturity; if you do not voluntarily create any sinking fund; if you seize the stock of the road and pay nothing for it, although we say you shall pay cash; if, more than all other things combined, your conduct tends to destroy public confidence in the integrity of American railway management; if you fraudulently convert the assets of the company to your own use and deliberately enter into a conspiracy to make it impossible for the Government to realize anything on its claim, then, and in that event, we will not foreclose; we will simply give you fifty years more."

Mr. Chairman, I am in favor of an early settlement of this great question. But it must be a fair settlement. For the reasons which I have submitted, sir, the pending bill is unfair to the Government, and nothing can prevail upon me to give it my support. [Prolonged applause.]

The CHAIRMAN. The time of the gentleman has expired.

APPENDIX A.
Cost and capitalization.

Company.	Mileage.	Cost.	Capitalization in bonds and stocks.	Amount of fictitious capital in securities upon completion of roads.
Union Pacific.....	1,038.68	\$38,824,000	\$109,814,812	\$70,990,812
Kansas Pacific.....	283.94	11,800,000	25,028,250	13,228,250
Central Branch.....	100.00	2,731,347	4,200,000	1,468,653
Sioux City and Pacific.....	161.77	2,600,000	5,047,720	2,447,720
Central Pacific.....	737.50	36,000,000	124,211,680	84,211,680
Western Pacific.....	123.16	4,000,000		
Total.....	2,405.05	95,955,347	208,902,462	172,847,115

APPENDIX B.

[Extract from report of the Wilson Committee to the House of Representatives February 20, 1873.]

Your committee can not doubt that it was the purpose of Congress in all this to provide for something more than a mere gift of so much land and a loan of so many bonds on the one side and the construction and equipment of so many miles of railroad and telegraph on the other.

The United States was not a mere creditor, loaning a sum of money upon mortgages. The railroad corporation was not a mere contractor, bound to furnish a specified structure and nothing more. The law created a body politic and corporate, bound as a trustee so to manage this great public franchise and endowments that not only the security for the great debt due the United States should not be impaired, but so that there should be ample resources to perform its great public duties in time of commercial disaster and in time of war.

This act was not passed to further the personal interests of the corporators, nor for the advancement of commercial interests, nor for the convenience of the general public alone; but in addition to these, the interests, present and future, of the Government, as such, were to be subserved. A great highway was to be created, the use of which for postal, military, and other purposes was to be secured to the Government "at all times," but particularly in time of war. Your committee deem it important to call special attention to this declared object of this act, to accomplish which object the munificent grant of land and loan of the Government credit was made.

Appropriations.

SPEECH

OF

HON. JOSEPH G. CANNON,
OF ILLINOIS,

IN THE HOUSE OF REPRESENTATIVES,

Monday, March 3, 1895.

The House having under consideration the subject of appropriations—

Mr. CANNON of Illinois said:

Mr. SPEAKER: In the closing hours of the Fifty-third Congress I avail myself of the opportunity to present, for the information of the House and of the country, a statement of the aggregate of appropriations made by this Congress—the first half of Cleveland's Administration—as compared with the aggregate of the appropriations for the Fifty-first and Fifty-second Congresses, respectively, under Harrison's Administration. For this purpose I insert the following comparative statement, which has been carefully compiled and is correct:

EXHIBIT A.—Comparative statement of appropriations made by the Fifty-first, Fifty-second, and Fifty-third Congresses, fiscal years 1891 to 1896, inclusive.

Title.	Fifty-first Congress.		Fifty-second Congress.		Fifty-third Congress.	
	First session, 1891.	Second session, 1892.	First session, 1893.	Second session, 1894.	Extra and first regular sessions, 1895.	Third session, 1896.
Agricultural	\$1,709,100.00	\$5,028,153.50	\$3,223,965.50	\$3,223,500.00	\$3,223,623.06	\$3,303,750.00
Army	24,206,471.79	24,613,529.19	24,306,439.82	24,225,639.78	23,592,884.68	23,252,608.00
Diplomatic and consular	1,710,815.00	1,656,925.00	1,604,045.00	1,557,445.00	1,563,918.76	1,575,073.94
District of Columbia	5,769,544.15	5,507,125.17	5,317,973.27	5,413,223.91	5,545,678.57	5,745,643.25
Fortifications	4,232,995.00	3,774,803.00	2,734,276.00	2,210,055.00	2,427,004.00	1,904,557.50
Indian	7,262,016.02	10,386,284.86	7,064,047.84	7,854,240.38	10,659,565.16	8,973,948.01
Legislative, etc.	21,030,752.75	22,027,674.75	21,900,132.97	21,865,802.81	21,305,583.29	21,883,222.43
Military Academy	435,286.11	402,064.64	423,917.33	432,556.12	406,535.08	464,351.66
Navy	24,139,035.53	31,541,654.78	23,543,385.00	22,104,061.38	25,327,128.72	29,716,077.31
Pensions, including deficiencies *	123,770,398.35	164,550,383.34	154,411,682.00	180,681,074.85	151,581,570.00	141,381,570.00
Post Office	72,226,698.99	77,907,222.61	80,331,276.73	84,004,314.22	87,236,599.55	89,545,997.80
River and harbor	25,139,235.00	21,154,218.00	21,154,218.00	21,154,218.00	11,643,180.00	11,643,180.00
Sundry civil	29,738,282.22	37,410,363.90	27,065,076.90	41,710,311.15	34,253,775.55	47,138,300.40
Deficiencies	13,265,541.61	8,364,148.62	8,230,859.50	8,127,361.61	11,811,004.06	9,738,979.19
Total	354,759,152.52	398,290,393.45	382,527,335.89	409,515,596.11	390,578,048.48	384,634,049.69
Miscellaneous	7,010,905.27	4,271,531.10	3,206,922.82	530,490.18	577,956.55	400,000.00
Total regular annual appropriations	361,770,057.79	402,531,864.55	385,736,308.71	404,036,085.29	391,156,005.03	385,034,049.69
Permanent annual appropriations †	101,628,453.00	122,436,808.00	121,863,880.00	115,468,273.92	101,074,680.00	113,073,953.02
Total	463,398,510.79	525,018,672.55	507,600,188.71	519,504,359.21	492,230,685.03	498,108,002.71
Total Fifty-first, Fifty-second, and Fifty-third Congresses	\$988,417,183.34		\$1,027,104,547.92		\$990,338,691.04	

* Deficiencies included as follows: 1891, on account of 1890, \$25,321,907.25; 1892, on account of 1891, \$29,395,598.34; 1893, on account of 1892, \$7,674,823; 1894, on account of 1893, \$14,149,724.85.

† This is the amount originally submitted to Congresses by the Secretary of the Treasury as estimated to be necessary under permanent specific and permanent indefinite appropriation.

I call attention to the fact that the appropriations for pensions to the defenders of the Republic in war, and to their widows and orphans, by this Congress under Cleveland are \$42,129,616.85 less than those made by the Fifty-second Congress—the last two years under Harrison. This \$42,000,000 decrease gives in figures the tangible result of an unfriendly—I will go further, and say unjust—administration of the pension laws under Cleveland.

Mr. Speaker, the condition of the country was far different under Harrison's Administration from what it has been and is now under this Administration. Then there was universal prosperity; now there is universal adversity. Then, under wise revenue laws,

From this statement it appears that the appropriations of the Fifty-first Congress, when Mr. REED was Speaker of the House, and the President, House, and Senate were Republican, were in round numbers \$988,000,000, while the appropriations of the Fifty-second Congress, when the House was Democratic and Mr. CRISP was Speaker, were in round numbers \$1,027,000,000, and the appropriations of this Congress, with President, House, and Senate all Democratic, are in round numbers \$990,000,000. Moreover, the late sale of thirty-year 4 per cent United States bonds, the payment of interest upon which is permanent, swells the total of appropriations for this and the next fiscal year by \$2,900,000, making the grand total actually appropriated by this Congress in round numbers \$993,000,000. This exceeds the appropriations made by the Fifty-first Congress, called by our Democratic friends "the billion-dollar Congress," in round numbers, by \$5,000,000.

This Congress, furthermore, in addition to the actual increase of appropriations, has authorized public works to be done under contract, leaving the next Congress to make appropriations therefor, as follows:

By fortification act:	
Fifty 12-inch mortars	\$325,000
By sundry civil act:	
Public buildings	\$5,260,000
Light-houses	210,000
Revenue cutter, Pacific coast	125,000
Denver mint building	400,000
Rock Island bridge	390,000
	6,385,000
By District of Columbia appropriation act:	
Sewers	261,704
By naval appropriation act:	
Two new battle ships, six gunboats, and three torpedo boats	9,905,000
Armament therefor, which will probably cost	4,810,000
	14,715,000
	21,686,704

Thus the appropriations and authorizations of this Congress are seen to be, in round numbers, \$1,015,000,000.

Mr. Speaker, the appropriations for the public service, as a rule, make dry reading, but to the careful student of public questions they tell more of the policies of Administrations and parties than can be gathered from volumes of words and protestations.

tration has issued and sold United States bonds time and again for the avowed purpose, it is true, of maintaining resumption, but in point of fact it has taken the proceeds, is taking the proceeds, and will continue to take the proceeds to pay the current expenses of the Government.

This Congress has wholly failed to provide sufficient revenues, while it has increased appropriations. In the meantime the Administration has rejected every practical effort of the minority to assist in remedying the evils that beset the Treasury.

Mr. Speaker, this is a Government of the people, through parties, and there can come no true relief in the premises until the people correct the error made in 1892, by giving the Republican party full power in 1896, thereby enabling that party to write its policy in legislation and administration.

The Indian Question—Allot them Lands, Educate them, Employ them.

SPEECH

OF

HON. JOHN A. PICKLER,

OF SOUTH DAKOTA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, January 19, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8479) making appropriations for current and contingent expenses of the Indian Department and fulfilling treaty stipulations with various Indian tribes for the fiscal year ending June 30, 1896, and for other purposes—

Mr. PICKLER said:

Mr. CHAIRMAN: I wish to submit a few remarks in regard to this Indian question. I do not claim, as a great many men do, to have studied this question so thoroughly that I know all about it, or that I am competent to suggest remedies for all the ills of these people. Mr. Chairman, the discussion of the Indian question arranges itself at the present time under about three heads—the education of the Indians, the allotment of land to them, and the procuring of work for them after they are educated, or after the lands are allotted. We have in this country about 250,000 Indians. These Indians have been pressed westward and westward until in the States, like my own, where we now find them they must remain; there is no further west. We must now assimilate the Indians among our people, and they must remain a part of our population. But I want to impress upon the House the fact that these Indians, 250,000 in number, are the wards of the whole nation, and not the wards of any particular State or locality, and we of the West can not consent that their education shall devolve upon our States and our people alone.

SCHOOLS.

In regard to this educational question, Mr. Chairman, a great deal has been said, and it comes up every time this question is presented in the discussion, as to the future of the Eastern schools; and I was exceedingly sorry to hear the gentleman from Arizona [Mr. SMITH] arraign the Eastern schools in the way he has done. Gentlemen of the committee, how many Indian children of the United States are provided for in the Eastern schools? There are less than 5 per cent of the Indian children receiving their education in these Eastern schools. Only this last fall I was talking with one of the leading Indians of my State, a preacher, who was very desirous of sending his child East to be educated. When I suggested to him that he could secure an education in a Western school he said, no, he wanted to furnish that education which the Eastern schools alone could supply.

EASTERN SCHOOLS.

I must confess I am somewhat surprised at the position taken by the gentleman from Arizona. I want no more Eastern schools instituted. I agree with the gentleman as far as that goes. But I want the schools that are in existence to be continued. I do not want these Eastern people to lose interest in the Indian question; whenever we break up the Eastern schools, whenever we cease to present an object lesson in the East of the Indian question, then Eastern people will cease to a large extent to be interested in the question of Indian education or the care and support of the Indians in any way.

It seems to me that when that time comes they would turn from us, and certainly the gentleman from Indiana, if he is here, would, for he contends for putting all of the schools on the reservations—they will turn from us and say, "Well, we Eastern people have nothing to do with the question." Would our Eastern friends be likely to say, "You have broken up the Eastern schools whereby the interest we had was largely developed in them, and therefore

as they are a part of your people you must take care of and educate them." It seems to me that if we destroy these Eastern schools they can make that claim with very much emphasis. That condition I do not desire.

WARDS OF THE WHOLE NATION.

These Indians, I repeat—these Indians are the wards of the United States. They are the wards of the whole nation, and the nation has taken their land from the Atlantic to the Pacific, and has crowded them as far West as they can go. They must be taken care of where they are now. It is the business of this country to take care of them where they are, and not the business of those localities into which they have been forced.

But, Mr. Chairman, as to the subject of the Eastern schools, there is no gentleman who discusses this question who ever gives the statistics in reference to the Eastern schools. There is simply a theory in the minds of these gentlemen that they want all of the schools on the reservations, and some gentlemen in the office of the Commissioner of Indian Affairs have been so much impressed with that idea that, notwithstanding by an act of Congress giving an appropriation for the institution of two schools in my State, one at Chamberlain and one at Rapid City, and appropriating \$50,000, \$25,000 for each school, although that appropriation is on the books as a subsisting appropriation, although this act of Congress has been passed for that purpose, they have steadily refused to build the schools, and are contending that they should go on the reservation and build them.

Now, there is, of course, a discretion lodged with the Secretary of the Interior as to the building of these schools; but he proposes to disregard the expressed will of Congress and, under this fetich worship of putting all of the schools on the reservation, declines to establish the schools which Congress has directed shall be established adjoining the reservations, where the schools would be far more efficient, and put them on the reservation instead. The gentleman from Arizona [Mr. SMITH] says that it will be much better to take the schools and put them on the reservation.

Now, let us just for a moment consider this great contention, this fetich, as I have said, which is so strong in the minds of some men, that all of the Indian schools should be on the reservations and nowhere else, not even adjacent thereto. Take the instance where the Indian Office, in the worship of that principle, will not build the schools at Chamberlain or Rapid City, in my State. Chamberlain is just across the Missouri River from a large Indian reservation. I contend that it is better in many instances to have the schools off the reservation, but near them.

They propose to build an industrial school 20 miles from the railroad, on an Indian reservation, and another 40 miles, on an Indian reservation, where the gentleman from Arizona contends they will be able to educate the Indians. How can you practically educate Indian children when there is no civilization surrounding them? I mean by going on to unsettled reservations, away from white civilization. Far better, gentlemen, to have the schools at some point adjacent to or near the reservation, where Indian children can be educated, where they can come in contact with white people, where they can come in contact with business men of the country, where they can learn trading or merchandising, farming or some useful occupation, and become acquainted with the methods and the manners of white people and understand how to transact business for themselves. Put the schools on the reservation, where they are surrounded by their own people, and they will learn nothing except what the teachers teach from the books. Moreover, on a reservation the day schools are already established and they are the civilizers of the Indians in so far as schools on reservations civilize. The Indian parents can come to the day schools and see the children, and why is not a day school with a teacher teaching civilization just as good a civilizer as an industrial school would be? Why not?

Now, I am sorry to hear the slander, for it is nothing else, perpetrated upon these Eastern schools. There is not an Indian school west of the Mississippi River that is, in my opinion, doing better if as good work as either Hampton or Carlisle. Just as the gentleman from Georgia states, at Carlisle and at Hampton they are teaching these children blacksmithing, teaching them to make chairs, to make pictures, to make all kinds of woodwork, to saw lumber, to make harness, and many other industries of that kind, and the people come to these schools and buy from these Indians. They learn trades and business. Nothing of this kind could ever happen if you confined these schools to the reservations.

So I am in favor of retaining these Eastern schools. The Eastern schools have not 5 per cent of the Indian children of the United States in them, but this small per cent, and the trifling appropriation that we make for these Eastern schools, give an object lesson to the Eastern people. They keep the Indian question before the Eastern people. They keep the philanthropists interested in this question, and I am firmly of the opinion that we of the West, who have these Indians among us, are making a great mistake when we undertake to uproot these Eastern schools. I am in favor of future schools on or near the reservations, but the present Eastern schools should continue.

ALLOTMENTS.

The allotment of lands is another question which bears also upon an inquiry made by the gentleman from Illinois [Mr. CANNON] the other day. It is a pertinent question that is coming up at all times in regard to this Indian matter, and that is, What shall the Indians do after they are educated? You hear gentlemen upon this floor time and again asking questions of this kind. They say, "Are not the lands allotted to these Indians? Have they not taken their lands in severalty? Are they not American citizens, entitled to all the rights and privileges of American citizens?" Yes, gentlemen, that is true; but because you simply give them their lands in severalty and make them voters, that does not civilize them. And I want to say further, that after their lands are allotted to the Indians in severalty that they then need an Indian agent to look after their affairs more than they did previous to allotment.

And why? Simply because when they were under the tribal relation their headmen and their chiefs did their business. The more ignorant of the Indians listened to the headmen. The chiefs looked after the business of the tribes; but after you have allotted the lands in severalty, of course it brings the question of American citizenship to their knowledge, and they begin to understand that they have the same rights that the chiefs have, and then it is that the white man comes in, when these ignorant Indians undertake to act for themselves, and the white man gets the advantage of them. They need the protecting care of the Government, through an agent more after their lands are allotted than they do before.

Now, my opinion is that in every Indian tribe the lands ought to be allotted, and ought to be allotted now. I do not believe in the theory that the Indians are not ready for the allotment of their lands. I concede that some of them are blanket Indians yet. I concede that they are in a very low state of civilization; but, gentlemen of the committee, there is not an Indian in the United States, male or female, but who knows and understands business well enough to know, if you mark out a certain tract of land and tell that Indian, "This is your land, this is your possession, this belongs to you, this is your property," just what these declarations mean. They are all civilized enough to understand that and to understand it thoroughly.

Now, it is little different where the lands are allotted and where they are not allotted. Where the lands have been allotted they are generally doing very good work. In my opinion the lands ought to be allotted at once, and then let us extend the law so that these Indians can lease their lands to the whites.

RENTING.

Let the Indian understand that he can lease his land, and I am in favor of extending this law of leases. I procured an amendment in the last sundry civil appropriation bill enlarging the law of leasing to some extent, but it should yet be broadened very much. Let the Indian have the privilege of leasing 40, 60, or 80 acres to the white farmer. Let the white farmer come there. Let the Indian build a cabin upon some part of his land. Let the white man come there and raise stock, and make a garden and plow fields, and build fences, and do what the farmer does anywhere in this country. Let the Indian understand, as he will understand, that this is an improvement on his land. He knows it is to his advantage. He knows it is an improvement upon his possession. He becomes interested. He learns to work; he finds what he should do, to improve his condition in life and enhance the value of his property.

Now, I believe that would be the greatest educator that could possibly obtain, because self-interest is just as much of a guiding principle in the Indian as it is in the white man, and you can readily see, I believe, that that would advance the Indian's property in that it would enhance the value of his land in a way that can not be reached in any other direction.

After you have allotted the land and after you have educated these young Indians, the great trouble is to find work for them to do. It is not that these young educated Indians are not generally willing to work. I think they are often as willing to work as young white men and women are.

WANT OF WORK.

But the trouble, gentlemen, is that there is no work for them to do, and that is the reason that there is so much failure in the proposition to educate them exclusively on the Indian reservation. After they have been kept on the reservation where they have not been brought in contact with white men they know nothing of business, and that is the reason why the reservation is not exclusively the place to educate them. They ought to be taken abroad to schools where the whites are. Now, another thing is that they ought to be afforded employment; and I think, gentlemen, that is the great question after all with which the Indian problem is charged—how to find work for the Indian. How to employ the Indian, whether educated or uneducated, is a great question. How to employ these girls and boys who come out of

these schools after we have sent them to the same is a serious question.

After we have solved that I think we have the other matter solved. The Government is committed to educating the Indians. There is no reversal of footsteps to be taken on that. After you have allotted the lands to the Indian you expect him to act as a citizen and be a voter. Then you would expect him to be able to take care of himself. There is nothing for him to do. He has a lot of uncultivated land, and he knows not what to do with it. After these boys and girls come out of the schools, they know nothing about where to find employment.

STOCK RAISING.

Another place where we have made a great mistake is, we have undertaken to locate these Indians on farming lands in many places where a white man can not farm successfully. The Secretary of the Interior ought to be directed to locate them on lands with reference to the adaptability of the country to business and to engaging these Indians in that kind of business. Now, the Indian country, when you go to the far West, where these Indians are principally situated, is largely a grazing and a stock-raising country. Stock raising is profitable nearly everywhere where we find the Indian. That is a pursuit which seems natural to the Indian, and drought does not interfere with that so much as it does with crops. It is a certain crop every year, and instead of confining them to cultivating land let them be engaged in stock raising. The Indian prefers a nomadic life, and likes to take care of stock. By bringing their attention to stock raising by the allotment of land, and by letting the Indian understand that he increases the value of his possession by improvements, when he has the object lesson of the white man on his own land, he soon becomes interested, and very soon these Indians will become self-supporting.

Mr. MORSE. Will the gentleman allow me to ask him a question?

Mr. PICKLER. Yes, sir.

Mr. MORSE. Does the gentleman from South Dakota know anything of his own knowledge as to what becomes of these Indian students of Hampton and Carlisle schools after they have returned from school?

Mr. PICKLER. Yes, sir; I do. I want to say that it is the worst kind of a mistake to say that they have returned to barbarism. If you will go with me, in my State, to the Crow Creek and other reservations, I will show you those students living in houses like white men, farming lands, and raising their families in civilized life. There are no more of these young Indian boys and girls going back into barbarism than there are white women and white boys that are retrograding after they come out of colleges and schools. Of course, when they go back into the tribe you can not expect that they will fully keep up the habits they acquired at school. They ought not to go back to the tribe. They ought not to be compelled to go back to the wigwam and blanket life. They ought to be furnished employment.

Mr. CANNON of Illinois. Does the gentleman know a single Indian who was educated at the Carlisle or Hampton school, or elsewhere off the reservation not employed by the Government, that is of any manner of account?

Mr. PICKLER. Oh, yes; many of them.

Mr. CANNON of Illinois. What are they doing?

Mr. PICKLER. They are farming. They are building houses. They are in the bakeries, and in harness shops, and in many different avocations.

Mr. CANNON of Illinois. I am speaking of those that are on the reservations.

Mr. PICKLER. Those where their lands have been allotted to them, as I understand, if the gentlemen would confine them to the reservation there is generally little chance for any employment there.

Mr. CANNON of Illinois. The gentleman says—and I will be glad to know whether further progress has been made—that where these Indians have been educated in the Carlisle or the Hampton school and they go back upon the reservation and where they are employed by the Government they do well.

Mr. PICKLER. Yes, sir.

Mr. CANNON of Illinois. And where they are not employed by the Government they do well, which is better still. Then, why does my friend dwell so much upon the necessity of work being furnished these Indians if they take care of themselves on the reservation? Because where a man will take care of himself, without somebody else to take care of him, he is much better off.

Mr. PICKLER. I do not contend that the Indian can take care of himself if he can not find any work. Look at the morning and evening papers of this great city of Washington at this very time, where we are told that thousands and multiplied thousands are brought down to want and hunger because they can not get employment; white people suffer for employment, are failures without employment, can not take care of themselves without employment; neither can the Indian succeed without employment. I do

not pretend that the Indians are going to do well unless they have employment; and my contention is that the great problem for the Government now to solve is how to employ the Indians.

Mr. CANNON of Illinois. Now, if the gentleman will allow me, because I am very much interested in his speech—

Mr. PICKLER. I am glad to yield to any inquiry of the gentleman.

Mr. CANNON of Illinois. With the average white man, the American citizen of the United States, the rule is that he controls his own actions and by his own efforts supports himself. When he becomes dependent upon others it is an exception to the general rule. Now, I ask my friend whether the rule is not exactly the reverse with the educated Indian when he goes back to the reservation?

EDUCATION ELEVATES.

Mr. PICKLER. Oh, I do not pretend that the educated Indian youth is on an equality with the educated white boy when he comes out of school. But I claim—and here is my proposition, and there is no escaping it, and it will apply to any of the Indians in the United States—I claim that just so far as education advances a white child, better enables him to gain a livelihood, brings him up to a higher grade of citizenship and a higher civilization, just in the same proportion does education improve the Indian child. I defy anybody to deny that proposition and support the denial by statistics. I do not deny that some of these educated young Indians, when they are compelled to go back to their tribes, partake more or less of the customs of the tribe, but they never sink to the place they were before, not even when they return and live with the tribe.

I have seen them with their tribes drawing rations, and you could tell who had been educated by the difference in their appearance, in their countenance, in their movements, in their general bearing. You could see a difference, for instance, between one young Indian girl who had been educated and her uneducated sister who stood beside her. When you inquired as to the cause of this difference the reply would be, "This one has attended this or the other school." Education does exactly as much in proportion for the Indian as it does for the white man.

COLORED PEOPLE.

Mr. CANNON of Illinois. Now, if the gentleman will allow me, I would like to put another question. There are some seven or eight million colored people in this country who not long ago came out of barbarism. These people, as a rule, work rather than starve or steal, just as the white man does as a rule. Now, does my friend's observation show that by reason of the education of the Indian the same thing is true of him as is true generally of the colored man or the white man?

Mr. PICKLER. I do not know that I correctly comprehend the gentleman's question. Will he repeat it?

Mr. CANNON of Illinois. I say that, as a rule, the seven or eight million colored people in the United States work rather than starve or steal; and the rule is the same with the white man. Now, does my friend claim that the training which the Indian youth receives at Carlisle or Hampton or any of these other institutions off the reservation makes the same thing true of the Indian when, after being educated, he goes back to the reservation?

Mr. PICKLER. Yes, sir; that is my contention; I think it does. Of course, I do not pretend that the Indian young man or young woman is as apt to go to work as the negro. The colored man has been at work for generations; he has been earning his bread by the sweat of his face; for generations he has been laboring for a living. But with the Indians the case is different. We have not been fighting the negro for generations, while we have held the Indian at the point of the sword. The Indians have but recently been savages, and of course we can not expect as much from them as we may expect from these patriotic colored people who have for so long a time intermingled with the white people in the midst of white civilization, who have done so much for this country, who have fought for it, who have been a part of its history and civilization, and who are an industrious, liberty-loving people.

Mr. CURTIS of Kansas. The gentleman from South Dakota will allow me to suggest that quite a number of children educated at Haskell are employed upon farms in Kansas.

Mr. CANNON of Illinois. Off the reservation?

Mr. CURTIS of Kansas. Off the reservation.

Mr. CANNON of Illinois. Certainly.

Mr. PICKLER. Generally there are but few farms on reservations.

Mr. SIMPSON. Oh, there are plenty of farms on the reservations.

Mr. PICKLER. Very few on reservations in my part of the country.

Mr. CURTIS of Kansas. And a large number of these Indian youths go to their original homes and establish farms for themselves.

Mr. PICKLER. In the few minutes remaining I desire simply

to recapitulate the three propositions which I would be glad to have gentlemen consider in acting upon this bill and in dealing with this Indian question. As before remarked, the three questions mainly to be considered are the question of the Indian's education, the question of the allotment of lands, and the great question of providing work for the Indians after they are educated and after their lands are allotted. Upon those three questions hinges this whole Indian problem to-day.

I am pleased that the people of the East have been philanthropic enough to assist in the education of the Indians. I do not doubt that we can do just as good work in our Western schools as has been done in the East. But I do not think it is a good thing to require that all these Indian schools shall be upon the reservations. I am in favor of that being done to a large extent, but I do not think all the schools should be so located. The theory upon which my friend from Indiana [Mr. HOLMAN] is desirous of requiring that all these schools shall be on the reservations is that the children must be where their parents can see them while they are in attendance at the schools. Mr. Chairman, at the Indian Office the other day I learned that when the schools are placed on the reservations the Indian parents come and camp around the schools until the school superintendents have been obliged to ask the Commissioner of Indian Affairs to provide rations for the parents when they thus come to see their children.

It would be far better to have the industrial and boarding schools off the reservations if they were near enough to them for the Indians to still visit their children, but at the same time where the children could get the benefit of contact with the white people. This would enable them to see white civilization, to see the mode of life amongst the white people and how they transact business. That brings the Indian children as well as their parents in contact with whites and with white civilization, and that can not be effected if we break up the Eastern schools and put them, as gentlemen have seemed so anxious to do, on the reservations.

Mr. BOWERS of California. Will the gentleman let me ask if his State is willing that the Indians shall attend the public schools?

Mr. PICKLER. Yes, sir; where it is possible for them to do so.

Mr. BOWERS of California. Well, would it not be better to educate them in that way?

Mr. PICKLER. That would not be possible in all cases. There are a number of so-called reservation Indians, 2,400 in number, in one place in my State who live in a region where there are not half a dozen white families within 20 miles of them. They have no such schools, and could not possibly attend them. The same conditions prevail with reference to the Crow Creek Indians, the lower Brulé Indians, and the Yankton Indians. There is no such opportunity for affording an education to them, because the public schools are not accessible.

Mr. BRODERICK. The gentleman thinks it would be better if the schools were just off the reservations?

Mr. PICKLER. Yes.

Mr. BRODERICK. Is it not true that where they are on the reservation a much larger percentage of the children attend the schools?

Mr. PICKLER. I want to be understood as making this distinction: The day schools must all be on the reservations. I am not talking of them. I am talking now of the so-called industrial schools, and I say that they are far better off and near the reservation than on it.

Mr. HERMANN. The gentleman has elaborated that statement, and I would like to ask him a question in connection with it. Why could not industrial pursuits be taught in the schools on the reservation just as they are at Carlisle and other high-grade schools in the East?

Mr. PICKLER. They can undoubtedly. But that is not the point. After the Indian is educated there he is not acquainted with the white men or their ways. Every Indian child educated in a town knows the white people of the town, gets acquainted with them, and learns something of their habits and manners. But if you take a child and educate him on a reservation, where he is surrounded only by his own people, where he sees no white men, where he does not come even in contact with white civilization at all, when he gets his education he is still an Indian, knows nothing but the traditions of his people, nothing but what he may have gleaned from books; and that species of education, without contact with the white people or learning something of white civilization, is not an education that will enable him to make a living for himself as if educated with and among the whites.

The Indian child can of course get book learning by going to the school on the reservation, but by going to the schools which are off the reservation, established in towns, then he necessarily and insensibly takes up white habits and civilized ways by coming in contact with white people.

Mr. HERMANN. But he can get both on the reservation.

Mr. PICKLER. Not at all. There are many places where that would be utterly impossible; these schools would be far from towns and white people.

The CHAIRMAN. The time of the gentleman has expired.
Mr. PICKLER. I ask to have five minutes additional time granted to me.

The CHAIRMAN. In the absence of objection the gentleman will proceed for five minutes longer.

There was no objection.

Mr. PICKLER. I believe the gentleman from Oregon desired to ask a further question.

Mr. HERMANN. I wish to ask the gentleman whether by educating the Indians exclusively on the reservation if a two-fold object is not accomplished; first, the education of the Indian; and, second, and necessarily connected with the former, the education, to a greater or less extent, of his parents; whereas now, by isolating him, as it were, from his home, sending him to these higher institutions away from his people, he is taken from the association of his parents and the older Indians will thus lose the advantage, or the larger part of it, which could be acquired by daily contact with the people if he is educated on the reservation? Is it not true, also, that at the same time equal industrial advantages could be given him on the reservation as are given at Carlisle and the higher schools of that character?

Mr. PICKLER. The gentleman must understand me. I do not want to build new schools East. I do not advocate that at all. I have no doubt that good work could be done at the industrial schools on some of the reservations. But take a large reservation and put an industrial school in the center, as they propose to do in my State, and no such good conditions could result as would result if the school was built on the border of the reservation in some live town where the students would come in contact with white people. He sees his child making chairs and harness, or working as a blacksmith, or any other like employment and the adult Indian thus learns also. If you would civilize him let his children go to school in some live town and let the parent there visit the child where he can see the mills in operation, mercantile operations, see the transaction of business, see all of the civilization of the town, and not that which he sees in the middle of some Indian reservation, for there he can only see what has met his vision all his life. There are several schools off of the reservations in my State doing excellent work.

Mr. SMITH of Arizona. If the gentleman will allow me, I heartily agree with my friend from South Dakota, and I believe that in the vicinity of a reservation, where there is a prosperous, well-established town, you will there find the best possible place for the establishment of a school, and that more good would be accomplished by a school established in such a town than if established on the reservation.

Mr. PICKLER. Have you not a striking illustration of that in your own Territory?

Mr. SMITH of Arizona. I have a very striking illustration of that in my own Territory.

Mr. PICKLER. I would be very glad if you would state that to the House in your remarks.

Mr. SMITH of Arizona. I believe that; but rather than to remove them any very great distance from their homes—and the reservations are usually pretty far away from the towns in my country—in my opinion the Indian schools should be built on the reservation; and when a school is built on the reservation, a regular Government school, we should have compulsory attendance at that school, as we have in our States. In my Territory, for instance, it is a compulsory law. Children have got to go to school. I simply want the Government school established on the reservation, and compulsory attendance, and then proper regulations to keep the Indians from camping around the school as they do around the day schools, asking for contributions.

Mr. HERMANN. And an industrial education given to the Indian while he is in school?

Mr. SMITH of Arizona. Certainly; that is the primary object with me. I would not put a book in the hands of one of them for ten years.

Mr. HERMANN. Not piano music.

Mr. PICKLER. I do not say anything against piano music. I believe in music. I believe that "music hath charms to sooth the savage breast."

Mr. HERMANN. It seems to me that farming and harness making and such things would be more necessary and appropriate to teach the Indians.

Mr. BOWERS of California. Oh, a few pipe organs scattered over the reservation would be a good thing. [Laughter.]

Mr. PICKLER. If my friend from California would have a little more of the milk of human kindness, and if he would not believe so implicitly that the only good Indian is a dead Indian, it would be a good thing, and he would be more humane and practical in considering the Indian problem.

Mr. BOWERS of California. You do not think a pipe organ would have a bad effect on them, do you?

Mr. PICKLER. I am not discussing pipe organs, but I believe in teaching them as you teach white children, and certainly no one would contend that because you are teaching white children

useful and necessary pursuits you should not also teach them music, and as you educate white children so you should educate Indian children.

Allot them lands, educate them, provide them employment as far as it may be possible, and induce them to engage in practical pursuits, and you are on the highway to the solution of the Indian problem.

The Currency.

SPEECH

OF

HON. JAMES C. McDEARMON,

OF TENNESSEE.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1895.

On the joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds.

Mr. McDEARMON said:

Mr. SPEAKER: I desire to submit my views upon the pending resolution, and the financial questions now agitating the House and the country.

The resolution reported from the Committee on Ways and Means is as follows:

A joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds.

Resolved, etc., That the Secretary of the Treasury be, and he is hereby, authorized to issue and dispose of, at not less than par in gold coin, bonds of the United States, with the qualities, privileges and exemptions of bonds issued under the act approved January 14, 1870, entitled, "An act authorizing the refunding of the national debt, to an amount not exceeding \$65,116,275, bearing interest at a rate not exceeding 3 per cent per annum, principal and interest payable in gold of the present standard of weight and fineness; said bonds to be made payable not more than thirty years after date: Provided, however, That no part of the proceeds of the sale of such bonds, nor of the notes redeemed with such proceeds, shall be available for the payment of current expenses of the Government."

The object of this resolution is to authorize the Secretary of the Treasury to procure gold by the sale of bonds to replenish the gold reserve, which was provided for by the act of January 14, 1875, known as the "resumption act," which provides, in substance, that the Secretary of the Treasury should by the sale of bonds and by the use of the surplus revenues accumulate enough coin in the Treasury to enable him to redeem in specie, upon demand, the outstanding Treasury notes known as greenbacks or legal-tender notes, commencing on the 1st day of January, 1879. Under this statute Mr. Sherman, then Secretary of the Treasury, accumulated and had on hand on the date last named a little over \$133,000,000 of gold and silver coin, and began the "resumption of specie payment" or the redemption of the greenbacks in specie.

During the eleven months following about \$11,000,000 of these notes were presented for payment, and were canceled as fast as they were paid.

The ability and readiness of the Government to pay in coin all its matured obligations were demonstrated.

Confidence was absolutely restored when the act of 1875 took effect and resumption began. There were outstanding about \$346,000,000 of greenbacks; and while it was known that only \$133,000,000 of coin was in the Treasury available for their payment, yet it was also known that the Secretary of the Treasury was armed with plenary power to issue bonds to any amount necessary to enable him to carry out the provision of the act requiring him to pay in coin every note presented.

Greenbacks were "legal tender" in the payment of all debts, both public and private, except duties on imports and interest upon the public debt, and when it was manifest that they could be converted into coin at the pleasure of the holder, the people preferred them to coin; and the demand for their payment practically ceased. During the twelve months following November 1, 1879, less than \$800,000 of these notes were presented for redemption, and they became thereafter a part of the circulating medium, as they were declared to be by the act of June 20, 1874.

By the act of May 31, 1878, it was made unlawful "for the Secretary of the Treasury or other officer under him to cancel or retire any more of the United States legal-tender notes," and it was provided that thereafter "they shall not be retired or destroyed, but they shall be reissued and paid out again and kept in circulation." These notes have been very popular with the people, as all paper money which is perfectly sound and convertible into coin at the will of the holder always is. Together with silver and gold certificates and national bank notes they have constituted the great bulk of the circulating medium of the country ever since the late war between the States.

The gold fund accumulated by Mr. Sherman became known as

the "gold reserve," and it has been the policy of all Secretaries of the Treasury who have succeeded Mr. Sherman to keep that fund up to the minimum of \$100,000,000.

After resumption of specie payment became an accomplished fact, about November 1, 1879, very few greenback notes were presented for redemption until after the passage of the "Sherman Act of 1890," providing for the purchase of silver bullion and the issue of "Treasury notes" in payment therefor, under which act over \$150,000,000 of notes were put into circulation, which became, under the policy of the Treasury Department of paying all demands against the Government in gold when demanded by the holders, an additional charge upon the gold reserve. There were then about \$500,000,000 of paper money outstanding.

When silver was demonetized and gold made the standard of value silver became also a charge upon gold, inasmuch as the Government was pledged to keep the two metals at a parity; in other words, to exchange gold for silver, which is practically redeeming it. Confidence in the ability of the Government to promptly pay this great amount of greenbacks and Treasury notes in gold, and also to keep gold and silver coin at a parity, with only \$100,000,000 of gold in the Treasury, became impaired. As early as November, 1890, about \$24,000,000 of these notes were presented for payment in gold, and the raid upon the gold reserve then began and continued to a greater or less extent during the remainder of Mr. Harrison's Administration; and when the Treasury was turned over to Mr. Carlisle the gold reserve had been depleted to about \$100,000,000. The presentation of notes continued, and Mr. Carlisle, following the precedent of his predecessors, continued to pay them in gold, although by the plain terms of the statute he was authorized to pay them in gold or silver, at his option.

The gold reserve melted away, and in January, 1894, there remained of it only \$69,757,824, when, under the power given him by the act of 1875, he issued \$50,000,000 of United States bonds drawing 5 per cent interest, payable in coin at the pleasure of the Government after ten years. These bonds were sold at a premium which yielded the purchasers about 3 per cent interest, the Government receiving for them a little over \$58,000,000 in gold, which was placed in the gold reserve, thus bringing it back to more than \$100,000,000.

Mr. Carlisle continued the policy of paying these notes on demand in gold and immediately reissuing them (waiving his right and power to pay them entirely, or in part, in silver) until the reserve fund was again raided by a lot of brokers and bankers, who took advantage of the absurd policy of the Secretary to draw out the gold, not entirely for the purpose of exportation, nor because of any real or pretended fear that the Government was unable or unwilling to redeem its obligations in strict compliance with its contracts, but for the palpable purpose of again exhausting and depleting the gold fund, and thus forcing another bond issue. This was continued until November, 1894, when there was less than \$50,000,000 of gold in the Treasury, and another issue of coin bonds followed, which, as before, were sold for gold and made payable after ten years, and at figures that yielded the purchaser and cost the Government less than 3 per cent interest.

Over \$58,000,000 in gold was received for them, as in the first instance.

Now, it appears that the process has been continued and the gold reserve fund has again melted away and is now below \$50,000,000, and another burden is to be laid upon the shoulders of the people in the shape of bonds payable thirty years after date, drawing 4 per cent interest, in order that this reserve fund may be replenished and increased to \$100,000,000.

Mr. Speaker, I dislike to criticize the acts and doings of the Administration, and but for the extraordinary nature of, and the peculiar circumstances attending, the transaction which, by special message of the President, is submitted to Congress, I should have contented myself with casting my vote and have remained silent.

But the President has appealed to Congress to change existing laws so as to enable the Secretary of the Treasury to issue a different kind of bond drawing a lower rate of interest than those he has agreed to issue, and I feel that it is not only appropriate but my duty to myself and my constituents to give my reasons for refusing to vote for this measure.

Instead of pursuing the policy heretofore adopted by the Administration of calling upon the public for bids for the bonds to be issued, and thus obtaining the money upon the best terms as to rate of interest and time to run, it appears that Mr. Cleveland and Mr. Carlisle have entered into a secret contract with a syndicate of European and American capitalists whereby it is stipulated and agreed that thirty-year 4 per cent bonds payable in coin are to be sold to the syndicate at 104½ unless gold bonds, as provided for in this resolution, are authorized to be issued within ten days from the date of contract.

I shall record my vote against the pending resolution for the following reasons:

First, I do not think that the financial policy of the Administration is conducive to the best interests of the people of the

country. Upon the contrary, I think it is unwise, violative of the pledges and promises made by the Democratic party to the people, and calculated to intensify and add to the cruel and almost unbearable burdens now crushing the masses of our people; and I am unwilling to indorse it, directly or indirectly. The Secretary is authorized by plain and unmistakable language of the law to redeem Treasury notes of all kinds in coin (gold or silver) at his option. It is true that the act of 1890, known as the Sherman Act, and the act of 1893, which repealed the purchasing clause of the Sherman Act, declare it to be the policy of this Government to maintain the parity between the gold and silver coins of the United States, and the duty of carrying out this policy devolves upon the Secretary of the Treasury; and I confess that it was not only proper, but necessary for him, as a general rule, to pay the obligations of the Government in gold or silver at the option of the holder, whenever and at all times that it was necessary to do so in order to maintain that parity.

But I insist that he could have adopted the policy now in vogue in England, France, and other great nations of Europe of refusing to pay out gold for exportation. Under the policy now pursued the proceeds of the bonds are applied practically to current expenditures. It is true that the bonds heretofore issued have been sold for gold, but the gold was paid out in redemption of "greenbacks" and "Sherman notes," and these notes were immediately placed among the available assets of the Treasury and paid out daily to defray current expenses, to be again collected up to do further duty in the "endless chain" process of depleting the gold reserve for the purpose of forcing new issues of bonds.

I respectfully suggest that neither the credit nor the honor of the nation would have been affected if the Administration had exercised its prerogative of paying those Treasury notes partly or entirely in silver, when it was manifest that they were presented for gold payment to embarrass the Treasury.

And I further insist that under the clear and indisputable power granted him by the statute the Secretary of the Treasury should have coined the bullion now in the Treasury known as the seigniorage, amounting to over \$50,000,000, and have paid out that upon the current expenditures, and retained the redeemed notes in the Treasury as long as possible. There is a "comfortable surplus" in the Treasury amounting to over \$60,000,000, and I make the point that redeemed Treasury notes should be kept in the Treasury until it becomes absolutely necessary to pay them out; and that all the silver which is authorized by existing law to be coined should at once be coined and used to pay current expenses.

Second, I am not willing to vote for the issue of bonds payable in gold under any circumstances. To my mind, and to the minds I believe of three-fourths of all the people between the oceans, this proposition is monstrous and astounding. It is the unmasking of the fixed and determined purpose of the Administration to destroy silver and establish gold monometallism as the settled policy of this country. If this resolution is adopted, and the Secretary of the Treasury is permitted to issue bonds payable in gold, the holders of all outstanding bonds will insist that a law or resolution should be adopted making their bonds payable specifically in gold, and they will be fortified in their demand by every argument and reason that exists for the adoption of the pending resolution. And all further contracts of States, municipalities, counties, and corporations would, by stress of circumstances, doubtless be compelled to bespecific gold contracts. Besides, the adoption of this resolution would forever seal the doom of bimetalism in the United States. And, Mr. Speaker, I am confident that this is the real object sought by its advocates.

Third, This issue of bonds will, in my opinion, meet the fate of its predecessors. The gold proceeds of such bonds will, I fear, be drawn out by the same process that was practiced in the past.

It is true that the "parties of the second part," who are great capitalists and financiers, have kindly, for a very valuable consideration, agreed that they, "as far as lies in their power, will exert all financial influence, and will make all legitimate efforts, to protect the Treasury of the United States against the withdrawal of gold pending the complete performance of this contract."

But, Mr. Speaker, admitting, for the sake of argument, that the great banking houses of the Rothschilds, the Morgans, and the Belmonts are able to "protect the Treasury of the United States against the withdrawal of gold pending the complete performance of this contract," the important question arises, Who will protect the Treasury against withdrawals of gold after this contract is completely performed, and at what figures will they agree to protect it?

The poet says:

If hoarded gold possessed the power
To lengthen life's too fleeting hour,
And purchase from the hand of Death
A little span, a moment's breath,
How I would love the precious ore,
And every day should swell my store,
That when the Fates would send their minion
To bear me off on shadowy pinion
I might some hours of life obtain
And bribe him back to hell again.

But he further says:

The light of gold can ne'er illumine
The dreary midnight of the tomb.

It strikes me that this most remarkable "private contract between gentlemen" is a very "cowardly makeshift," a temporary expedient, an offered bribe "to purchase from the hand of death a little span, a moment's breath."

When this contract is performed the parties of the second part will not be bound to further "protect the Treasury," and it will again be exposed to the rapacity of the brokers and bankers.

Mr. Speaker, it is enough to cause a blush to mantle the cheek of every American citizen to contemplate this humiliating spectacle, The President and Secretary of the Treasury of the United States of America, the greatest, the grandest, and the richest Government "that ever valor lost or won," "like fawning publicans," "having neither money nor commodity," to raise a present sum therefore go forth to try what the credit of the United States can in Venice do, that shall be racked even to the uttermost and become supplicants at the counting houses of Shylock, and "Tubal, a wealthy Hebrew of his tribe," and negotiate a treaty by the terms of which the great contracting "parties of the second part," graciously condescend to agree to protect the Treasury of the United States.

Mr. Speaker, the grotesque absurdity of this transaction serves to demonstrate the fallacy and unwisdom of the policy of the Administration in paying Treasury notes and greenbacks in gold in every case, and neglecting and refusing to pay in silver, even when the knavish purpose of buncoing the Government into the issuance of bonds on the part of those presenting notes and demanding their payment in gold is most palpable and manifest.

Unstinted criticism of this Congress has been indulged in by flippant "penny-a-liners" and others who have taken only a superficial view of the matter. This Congress has been denounced and ridiculed most mercilessly for not "doing something," as the current phrase goes.

But, Mr. Speaker, in my opinion the great tribunal which shall pass judgment upon the proceedings of the Fifty-third Congress, the masses of the people, will not condemn it for not approving the measures recommended by the President upon the financial questions which have been and are now being considered. The platform upon which Mr. Cleveland was nominated and which we all indorsed, and upon which we challenged the allied enemies of Democracy to the "wager of ballots" in November, 1892, contained a clear and explicit declaration in favor of bimetallism and a solemn pledge that the labor and effort of the Administration and Congress, if intrusted with the conduct of affairs of this great nation, should be directed toward the accomplishment of the full and complete restoration of silver as one of the standards of value.

I do not contend that the language of its platform committed the party to the unconditional and immediate adoption of the free and unlimited and independent coinage of silver, regardless of circumstances; but I do contend, and I challenge contradiction of the proposition, that its platform committed and solemnly bound the party and the Administration to bimetallism and to the honest, sincere, and conscientious endeavor and persistent effort to return to the policy of bimetallism as rapidly as prudence and sound policy would admit of, and to put this Government in an attitude of friendliness to silver; and to align this country with the other great powers which are known to be anxious for bimetallism, and to concur in and originate suggestions and movements for international monetary conferences, treaties, or diplomatic agreements looking to the accomplishment of the desired end; in the meantime to open its mints and coin as much silver as could be kept at a parity with gold. There is not a gold monometallist, nor an Administration man, nor a piping little cuckoo, who, like paroquets, attempt to repeat what they think their master says, who will contend that by any species of sophistry or jesuitry the platform could be tortured into a construction antagonistic to silver into a declaration in favor of monometallism.

The plain, old-fashioned Anglo-Saxon words used are to be taken in their ordinary and universal signification, and were not intended to "juggle with us in a double sense." The platform was a covenant with the people that this Administration would be favorable to silver and would do everything that was deemed practicable to restore it to free coinage. It surely was not a declaration of war against silver, nor an avowal of a purpose to adopt gold monometallism. But, Mr. Speaker, has not every message and every utterance which has come from the White House been in advocacy of a policy absolutely antagonistic and inimical to the further coinage of silver? We were convened in extraordinary session during the summer of 1893 by a message which was as doleful in its tenor as a funeral dirge and read like a chapter from Jeremiah's Lamentations, "Presaging death and ruin near among the sons of men."

The commercial world, already panic-stricken, was told that the cause of existing evils was the effect of purchasing silver under the act of July 14, 1890, and Congress was advised and urged to

promptly pass a law unconditionally repealing it. After months of wrangling the advice of the President was followed; but it turned out that his prognostications were false, and his predictions were not fulfilled.

A bill was subsequently passed by both Houses of Congress providing that the seigniorage, that is the profit made by the Government in the purchase of silver bullion under the Sherman Act, amounting to less than \$60,000,000, should be coined into silver dollars. This moderate, reasonable, and conservative measure was vetoed by Mr. Cleveland, and his fixed and unalterable purpose was unmasked. He was determined that no more silver should be coined under any circumstances, if he could prevent it. And when his message to Congress last January was received, it became manifest that his intention was to assume the aggressive and bulldoze Congress into the most extreme and radical measure that was ever proposed in favor of gold monometallism.

We were calmly and seriously advised and besought to pass a law authorizing the Secretary of the Treasury to issue \$500,000,000 of bonds, principal and interest payable in gold, to run fifty years, to be sold, and the proceeds applied to the redemption and extinguishment of the greenbacks and Treasury notes, thereby contracting the circulation at least 33½ per cent. This monstrous and startling proposition was summarily rejected by an overwhelming majority. This Congress, or rather the majority of its Democratic members, have simply stood by the platform of the party and have refused to adopt the views of Mr. Cleveland upon financial questions, and we appeal to the people and crave judgment upon the issue joined.

Mr. Speaker, I appreciate the awkward and perilous condition of the Treasury and the difficulties which confront and beset its able and patriotic Secretary, but I believe that they are the logical and natural results of the unwise policy which has been pursued.

I believe that the malady which now afflicts the country and the whole civilized world lies deeper than the mere embarrassment and annoyance to which its Treasury is subjected, and that a more heroic remedy is required than its mere temporary relief, as I think the measure proposed would prove. Up to the change of the standard of values by this country in 1873 all the wealth of the world was measured by the aggregate gold and silver coin in existence, estimated to be about \$4,000,000,000 of each, making about \$8,000,000,000.

For centuries past the products of the gold and silver mines combined kept pace with or slightly exceeded the increase of population and the growth of civilization and commerce.

The increase of gold and silver over population of course expanded the measure of values and tended to enhance prices, but it is a remarkable historic fact that the production of precious metals for hundreds of years had approximately marched abreast with the enlightenment and civilization and progress of the human race. There was a general level of prices; no abnormal nor sudden advance or decline in values, but a gradual upward tendency. Each discovery of new mines or invention of a new process of mining gave a fresh impetus to enterprise and adventure, and was followed by great prosperity.

When the gold mines were discovered in California and Australia mankind was electrified. Thousands of young, ambitious, and intrepid spirits in all the States of this Union caught the gold fever and soon hundreds of caravans of enthusiastic and adventurous men boldly plunged into the wilderness of the great transmississippi region, then vaguely known as the "Louisiana Purchase," a vast expanse of almost uninhabited country, and marched afoot across the continent, braving the savage red men, the ferocious wild beasts, and the privations and hardships of that inhospitable land. The California mines were developed and poured out their rich flood of yellow gold by hundreds of millions.

Australia, too, added to the world's stock of gold her great treasures. It has been stated that within twenty years after their discovery the mines of Australia and California turned out more gold than had been produced prior to that time in the whole world. Mankind was not injured by this wonderful outpouring of gold from the Western mountains. But upon the contrary the world was immeasurably blest—made richer and happier and more progressive.

The pioneers of California remained and were joined by millions of their fellow-citizens. The "Louisiana Purchase" was rapidly filled up with patriotic and enterprising people, and soon great Commonwealths emerged from the darkness of its wilderness and now shine with splendor in our galaxy of States. Australia has been converted from a land of barbarians into a powerful, populous, and enlightened country. The vast volume of gold which these mines added to the world's stock of money did not affect the parity between the two metals. Gold and her twin sister silver continued to measure as our double standard the wealth of the world, although for a time the amount of gold greatly exceeded that of silver at the existing ratio.

About the time the gold mines were exhausted the restless, pro-

gressive, and enterprising miners of the West unearthed great treasures of silver, and bountiful nature again poured out into the lap of mankind streams of wealth in the shape of silver, which would have been equally as great a blessing to this generation as the discovery of gold in 1848 was to that but for the iniquitous and infamous interference with the laws of nature by the statute of 1873, whereby silver was divorced from gold and changed from a standard of value into a commodity.

The fact that only some eight millions of silver dollars had been coined by our mints up to 1873 has been frequently commented upon and used as an argument against silver coinage.

The truth is, that up to that time every ounce of silver taken from the mines was worth more than its coinage value at our mints, for the reason that our ratio was 16 to 1 while the ratio of France, Spain, and other countries of Europe was 15½ to 1, and the products of our silver mines were shipped to Europe and exchanged for gold or other valuable property which was brought home. Hence the silver mines were sources of wealth to this country and every ounce of that metal was converted into money at the ratio of 15½ to 1.

From the day that silver was stricken from the list of coins authorized by law to be turned out by our mints it began to decline. The principal use to which that metal had been put was thereby destroyed and prohibited by law. It was made a commodity, and its use restricted and curtailed. Hence, in obedience to the universal laws of trade and commerce, it naturally declined, as would any other commodity. When the Indian mints were closed to silver coinage the work of silver demonetization was completed. Over four billions of the standard money, the money of ultimate redemption, was destroyed. The measure of all the wealth of the world was diminished just one-half. Thereafter all wealth has been measured alone by the gold coin in existence. The result has clearly demonstrated the truth of the doctrine laid down by all writers on political economy and finance that the decrease of the volume of money lowers and the increase raises prices.

A gradual but steady and constant shrinkage and decline in almost every commodity, including silver, began simultaneously with the demonetization of silver, and has continued ever since, not only in this country but in every nation of the civilized world.

If I am correct in my premises, the remedy is apparent. Undo by law the wrong which was done by law. Increase the measure of values by reestablishing the double standard. Restore to silver its principal use—that of being converted into money at the ratio of 16 to 1, and it will, by the inexorable laws of trade and commerce, enhance in value and be equal with gold.

Mr. Speaker, the perpetrators of the crime of 1873, by which silver was degraded and dishonored, against the wishes and without the consent of the American people, may go unwhipped of justice; but that cruel and villainous wrong will be righted. The masses of the country are overwhelmingly in favor of bimetalism; and they have a right to rule America, an inestimable transcendent right; a right that cost the blood of patriots and millions of treasure; a right that can not be wrenched from them by force, nor purchased by alluring gold, nor obtained by blandishment nor cajolery.

The common people, the yeomanry, who constitute nine-tenths of the population, are our rulers and masters, and their will is the supreme and inviolable law of the land. They have never declared in favor of monometallism; but have repeatedly thundered their anathemas upon the heresy. Their approval of the doctrine of bimetalism has been voiced in every national platform and almost every State platform, promulgated of every party, since silver was demonetized; and any attempt to thwart their will is simply moral high treason.

The crushing defeat of Democratic candidates at the last election was not a repudiation of Democratic principles, but was the indignant outburst of disapprobation of the financial policy of the Administration, and a cry of distress from an over-taxed, unemployed, and poverty-stricken people.

The doctrines and theories of government which we call Democracy will live as long as the present Constitution of the United States remains the bulwark of our liberties, the sheet anchor of our hopes. They will endure so long as truth, even hard justice, and the eternal principle of right are esteemed among men as virtues—equal rights to all, special privileges to none. The exercise by the Federal Government only of those powers specifically conferred upon it by the Constitution and those necessarily implied: The levy and collection of taxes sufficient to defray the expenses of the Government economically administered; no tax to be levied except for the exclusive purpose of raising revenue.

These are the foundation stones upon which our party is established. They are immutable, self-evident truths, and right doctrines; and will be contended for and advocated throughout the years to come, as they have been ever since the Constitution was ratified by the States. The rank and file of the Democratic party are in favor of free and unlimited coinage of silver, and if they

assert their manhood and take the conduct of the next campaign in their own hands and promulgate a platform emblazoned with the ancient and historic and immortal principles of the party, together with a clear and bold declaration for a tariff for revenue only and free and unlimited coinage of silver at the ratio of 16 to 1, we will sweep the country west of the Alleghenies and south of the Potomac in 1896.

The Pacific Railroads and the Reilly Bill.

Sugar coat their propositions as they may they are made of material from which they have spun the webs and traps of the past thirty years. Rather than toy with wily schemers and stockbrokers, let us arouse the sleeping power of our Government charged with the enforcement of the law.

REMARKS

OF

HON. A. CAMINETTI,

OF CALIFORNIA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, February 2, 1895.

On the bill (H. R. 7798) to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned.

Mr. CAMINETTI said:

Mr. SPEAKER: A great deal has been said about the so-called "California idea" for the settlement of the Pacific Railroad question. As some have spoken of it in derision I feel called upon to explain it in its application to a bill (H. R. 8213) to enforce existing laws relating to these railroads and provide for their management by the United States as military and post roads.

There is nothing utopian about it. It is the logical result of tendencies in the existing system that can not be avoided under private control. What has happened was foretold over a half century ago. The California idea is national and in sympathy with the highest aspirations of the people for better government and a more equitable distribution of its beneficial features among the masses.

COUNTRY ROADS AND THE HIGHWAYS OF THE SEA HAVE INTRODUCED UNIVERSAL PROGRESS AND FREEDOM.

Ever since the dawn of civilization it has been the first duty of organized government to provide means of transportation. Roads were the first highways upon which nations rose above the plane of barbarism. Then followed the use of the open way upon the sea, which led to the present civilization of the world and introduced universal progress and freedom.

To-day, as in the past, the advantage in a commercial as well as progressive point of view rests with those nations and communities that furnish the best methods of transportation on land and water routes for internal traffic, and encourage shipping interests on the ocean to foster commerce with foreign nations.

CANALS.

The next step in improvement of inland transportation methods can be seen in the various canal systems, such as are found in New York and in some foreign countries. With the application of electricity as a motive power on canals and many river routes the canal boat of the future will play as important a part in the development of interior sections of the country as when originally introduced in the limited area of the old States.

RAILROADS.

The next era represents the railroad in progressive stages of development as the outgrowth of the increasing necessities of the age. It has to a great extent superseded the ordinary highway, and will continue, even with the best that can be done by navigation facilities, in certain lines of commerce, to maintain its position where time enters as an element of successful exchange between the producer and consumer.

CONTROL OF HIGHWAYS A PUBLIC FUNCTION.

From time immemorial the control of highways has been considered a public function to be exercised for the welfare of the community. When built at private expense, necessitating a tax or toll upon traffic thereon, it was inaugurated by the authority of the sovereign or state, under a system of regulation. Modern times have in nowise varied these conditions. Thus it was that the construction of railroads commenced and has continued under charters granted by governments maintaining this doctrine.

STRICT ADHERENCE TO THIS PRINCIPLE A PUBLIC NECESSITY.

With the progress of nations and the activities of trade on the one side, and the increase of power and influence by railroads, in combinations or otherwise, on the other, a more strict adherence to this principle has become a national necessity.

New safeguards to check encroachments on the rights of the people, gradually advancing by the aid of crafty devices, have become imperative.

Indeed, that nation which permits its commercial arteries to become instruments in the hands of corporations, and the people a prey to corporate rapacity, is guilty of treason to the most sacred duty it owes to its citizens.

A MONOPOLY.

Statesmen of foresight at home and abroad have long since realized that the possession of these privileges constitutes a monopoly; hence the duty devolves on Governments to prevent its existence, or if it is unavoidable, it should be in the hands of the State in trust for the benefit of all.

GOVERNMENT OWNERSHIP OF RAILROADS.

I appreciate the sentiment existing against Government ownership of railroads, but a careful examination will develop the fact that it has not been based on the ground that it could not flourish or be safely conducted at reduced cost to the people; for if such a position is assumed the same argument would hold good as to the public management of our roads, river channels, and post-offices. The marked success of these under government operation effectually disposes of that fallacy. Where is the party or community that advocates the placing of either under private control?

With some people this opposition is encouraged, both for and by selfish motives. It can be readily imagined that powers so pregnant with resources, possessing influential ramifications, can find supporters as well as apologists.

A great many, in fact by far the largest number, entertain in good faith such opinions. They grow out of patriotic considerations. They believe as their ancestors before them, that government under our institutions should have as little to do with the affairs of the people as is consistent with its safety and security; and that if the people are fit for self-government in the political sense of the term, they are also qualified individually to enjoy commercial freedom as well, in the exercise of all of its privileges. Theoretically this statement can not be assailed, but how has the second conclusion worked in practice?

Let the experience of the last twenty-five years, with its railroad scandals, its pooling agreements, its strikes, its riots, and its spurious capitalization unjustly burdening commerce, answer. Let the management and history of the Pacific railroads bear witness.

The principal source, however, of this opposition can be traced to the fear that such ownership, owing to the great influence it would lodge in the party in power over a vast army of officeholders and indirectly over the masses, would be prejudicial to the Republic.

The civil-service system has illustrated by its results that this danger is greatly magnified.

The powers now in control of the railroad interests of this country are a thousand times more dangerous to the well-being of the citizen, to the free exercise of the public functions by the various branches of our Government, and to the existence of our institutions than the strongest conditions that their ownership by the Government could possibly produce even under the spoils system. It would at least possess the element of accountability to the people, while that to which we are now subject is an irresponsible authority not recognized by our Constitution, usurping governmental prerogatives at every opportunity, and abetting the worst form of political corruption. The couplet—

No pent-up Utica contracts our powers,
The whole boundless continent is ours—

is its motto.

GOVERNMENT OWNERSHIP NEED NOT INCLUDE THE CONDUCT OF TRANSPORTATION ENTERPRISES.

Government ownership need not be general, nor does it necessarily imply that the Government will engage in the business of transportation.

We have already vast transportation systems, besides the ordinary highway, in the inland navigable waters, which have been improved and are in the process of development at great cost to the national Treasury. Where nature has overlooked the possible wants of man in a civilized state, we have cut canals and otherwise overcome its inequalities of surface. This has been done honestly, efficiently, and unobtrusively under the auspices of the Corps of Engineers of the Army. The benefits of Government should be distributed as evenly as possible. No one can honestly condemn the building of the canal systems connecting the Great Lakes, nor the costly locks and ship railways found in many of our rivers.

They have been elements of progress from which commercial and industrial greatness have resulted, gratifying to our pride and

remunerative to our people. But other portions of the land are blessed with resources and elements of prosperity, different, perhaps, from those wherein these great works have been constructed, though of equal value in building up the Republic, yet because great rivers traverse them not and vast sheets of water are absent, shall they not enjoy that which the inventive genius of man has given as a substitute for canals and ship railways, which have, at the expense of all the people, been furnished to certain portions of our country?

DECLARE GOVERNMENT ROADS A PUBLIC HIGHWAY OPEN TO ALL ON EQUAL TERMS.

The ownership of the roadbeds of trunk lines east and west and north and south, between the centers of production and the marts of commerce, open to all on equal rates of toll, fixed so as to make the earnings meet the expense of maintenance when fairly organized, would effectually hold in check the tendency to create monopolies, and prevent the exercise of their abuses without the aid of an army of officers and employees.

This will ultimately, in my judgment, prove the only effective remedy for the correction of the abuses of corporate power in railway management—the only practical solution of this problem.

The engineering operations and management under the supervision of the Army would render better service at less cost, and with more security to life, than can possibly be hoped for under private management.

All connecting lines, or transportation companies possessing or leasing trains, passenger as well as freight, would enjoy the use of the Government highway.

This would obviate the employment by the Government of the large number of employees to operate a train service, including maintenance of stations, shops, and other necessary adjuncts to such work. This part could be left with safety under proper regulation to private enterprise at each point requiring the use of either branch of labor; or might be furnished, by any company using the road, to all others at a uniform rate fixed by the Government.

COMPETITION A REAL ENTITY.

Competition would then be a real entity, not a delusion as now. If the railroad companies attempted to pool their issues the producers, fruit growers, merchants, or shippers generally could protect themselves immediately by leasing or hiring trains from freight dispatch companies, or secure trains of their own, as they now do steamers and other craft, on the lakes, rivers, and in the coast and ocean traffic when existing lines become inordinate in their demands. They thus control without the aid of the machinery of the law or intervention of commissions, State or national, the fixing of rates within reasonable limits. Why? Because they have a free highway over which king monopoly can exercise no sway.

A free highway will put at rest all the complaints against transportation on land by present means, and enable the toilers and producers to obtain equitable treatment and their just share of protection from a Government which they do more proportionately to maintain than any or all other classes combined.

We must have a check of some kind.

The tendency now is to concentration of interests, consolidation of lines, and pooling of rates.

ROGIER AND LAWS GAVE TIMELY WARNING.

In 1894 when the establishment of a state railroad was agitated in Belgium, Rogier, answering the claim that private enterprise fostered competition, with prophetic vision declared:

Not the state of affairs in which competition arrests the evil does not apply here. Whoever holds the railways holds a monopoly, and that should only be allowed to exist in possession of the state.

In 1844 Gladstone, as a member of a Parliamentary committee, had this colloquy on the subject with Captain Laws:

MR. GLADSTONE. Does the consideration that the railroad companies possess, in many respects, something in the character of a monopoly enter materially into the grounds of your opinion?

Captain LAWS. Yes, it does; and not only monopoly now, but every extension is calculated to increase immensely that monopoly and a continuation of monopolies.

This danger was anticipated early in railroad history. How fortunate those nations which took advantage of the advanced thought of these readers of human character!

CONSOLIDATION THE INEVITABLE RESULT.

E. Porter Alexander, president of a Southern road, an advocate of pooling legislation, frankly avows the spirit directing the course of these gigantic powers in the commercial world. Speaking of the "pooling bill" he said:

Should it be enacted there can be but one result. All wars end in peace, and peace between rival railroads can only last when there is some community of interest. That may obtain in two ways, by a pool or by consolidation under one ownership. The best that a pool can accomplish, after all, is but a partial community of interest; and where rivalry is bitter consolidation is very apt to result. Now, let pooling be forbidden, or let it fail, and consolidation must be the inevitable result. It will become simply a commercial necessity, as resistless as the downward flow of the Mississippi to the sea. It may be temporarily checked in any manner theorists think good, but it will have its way in the end.

"COMPETITION IS KILLING."

C. P. Huntington, of overland railroad fame, testified before the Pacific Railway Commission that "competition is killing" and "that there ought to be only one railroad for the whole country."

The enactment into law of the pooling bill, now pending in the Senate, verifies the predictions of Mr. Alexander, and enables the railway kings to effectually carry out Mr. Huntington's idea.

I fear very few have paused to consider the outcome.

If the people would realize what it means to weld in one compact the railroad interests of the United States they would rise in their might and demand its defeat. It passed this House under a misapprehension, produced mainly by resolutions of the boards of trade of the leading cities of the country.

DANGERS OF ORGANIZED COMBINATIONS.

Talk about Government ownership creating a power inimical to the Republic! How infinitesimal in comparison with such an organized combination of capital in control of a vast volume of business, and in touch with the various bodies of officers and employees throughout the land, equaling in number nearly as many men as composed the population of the original thirteen Colonies!

Its very vastness defies contemplation of results.

Can we escape them by legislation?

The recent tariff fight with the sugar and other trusts demonstrates the influence of a combination of itself less powerful than this would be. It is futile to base any hopes in that direction.

The various State commissions have either proved subservient to railroad influence or unable to successfully solve the questions presented to them in the various phases in which they have appeared at times throughout the land.

Will the interstate-commerce law effect the people's wishes?

Not in its present form, and whether it can ever be amended so as to give it such authority is a question beyond human ken to answer.

THIS POWER ONLY SAFE AS A SERVANT OF THE LAW, OPERATED BY AND FOR THE PEOPLE.

What we already know of the workings of the system under present tendencies, and of the record of its master spirits, may well cause the patriotic citizen to ask of the future, Whither are we drifting?

Its encroachments are already felt on every side, in every avenue of industry and trade, in the political councils; aye, even in Government circles.

Mr. Speaker, such power can only be safe when a servant of the law, operated by and for the people.

CAN THE GOVERNMENT PROFITABLY OPERATE RAILROADS?

The Commissioner of Railroads in 1892 discussed the question, "Could the Government profitably operate railroads?" and gave it as his opinion that it could not do so and make them profitable.

It should not be the aim to make profits therefrom any more than is done with our canals and improved river channels.

To afford the people cheaper transportation facilities and prevent monopoly are the leading reasons advanced for river improvement and canal building. Those are the tests by which their efficacy are measured. None other should be applied in considering this question.

When, however, he says that no nation has been benefited by such operation, recent history is overlooked.

EXPERIENCE OF EUROPEAN NATIONS.

Prussia in 1878 possessed 3,066 miles of road, while 11,066 miles were in private hands. In 1893 she had increased her mileage to 15,969, while that of individuals was reduced to 1,354 miles.

The receipts and expenses for the year ending April, 1893, were:

	Marks.
Gross earnings	967,624,000
Expenses	606,816,327
Net	360,807,673

This only presents the financial success; the benefits accruing to the people were in like ratio.

Russia, by her great system of railroads, has opened out her vast empire to the great advantage of her commerce and the betterment of the conditions of her peasantry.

Belgium and other nations on the Continent have found it beneficial to own their railway lines.

MEXICO THE OWNER OF A TRANSCONTINENTAL LINE.

Mexico has recently completed a transcontinental line over the Tehuantepec route. The press dispatches last December announced that Mr. Huntington, fearing the new competitor, offered to buy the road, but the wise ruler of Mexico refused to consider the proposal.

Pending the building of a canal across the Isthmus, the Mexican

road promises to become an important factor in commercial affairs between Atlantic and Pacific points.

What other nations have done and are now doing we can do.

I do not despair of success. Only a few years ago leading statesmen denied the right of the General Government to expend money in river improvements; now no appropriation is more popular, and none so beneficial in results. Thus it will be with Government railroads to and from the great centers of commerce and production. They will come as public necessities and be welcomed as blessings by the people.

In case of nonpayment of the debt due by the Pacific railroads a magnificent opportunity is presented for the beginning of the new era in transportation which will emancipate the toilers and producers of the land, and scatter its benefits in every direction.

The bill I had the honor to introduce aims to lay the foundation for such work.

Mr. Speaker, my principal object in availing myself of the privilege to print remarks on what is known as the "Reilly bill" (H. R. 7797) was to place in the RECORD some of the amendments I intended to offer had the bill been read before the operation of the cloture rule stopped its further consideration.

It will be remembered that the day was consumed before the fourth section was reached, leaving fifteen sections untouched. Fortunately the people secured the first advantage in years in their contest against the greed of railroad combinations, and thus the dangers certain to follow the passage of this bill in the present form were avoided.

RAILROADS WILL AGAIN TEMPT FATE.

It is certain that, notwithstanding the crushing defeat met by its supporters and friends, the vast interests affected, aided by an army of mercenaries, will again tempt fate either in this or the next Congress.

Should the subject be again considered, ample time ought to be allotted not only to discuss the general questions involved but to read the bill section by section to the end and afford the House an opportunity to act on such amendments as may be presented to protect the rights the Government has secured at great cost and sacrifice.

If the purposes of the Pacific railroads are accomplished by the enactment of laws without necessary restrictions and safeguards, privileges now possessed by the Government, worth untold millions to it, will be lost. They alone are worth the struggle, as by such legislation these companies practically become subject only to the ordinary conditions affecting common carriers.

I invite consideration of this view of the proposed law.

I respectfully call attention to some omissions in the measure and to the absolute necessity for supplying the same, either by the amendments suggested herein or others better calculated to subserve public interests and prevent encroachments on the rights of the people, which should not be jeopardized by trusting them to the tender mercies of the companies, the past actions of the directors of which caused President Cleveland, in his message transmitting the report of the Pacific Railway Commission to Congress, to express astonishment at the claim advanced by them that they "owed no duty except to themselves" and "need regard no interest but their own."

CONDITIONS OF ORIGINAL CONTRACTS TO KEEP ROADS IN REPAIR AND USE AND PERFORM TRANSPORTATION SERVICES FOR THE UNITED STATES ON CERTAIN SPECIFIED CONDITIONS SHOULD BE PRESERVED AND ENFORCED.

First proposed amendment.

Nothing in this act contained shall be deemed to in any manner affect the obligation of the said companies to keep said railroads and telegraph lines in proper repair and use, and at all times transmit dispatches over said telegraph lines, and transport mails, troops, munitions of war, and supplies of public stores upon said railroads for the Government, or any Department thereof, whenever required to do so at fair and reasonable rates of compensation, not to exceed the lowest rates paid by private parties for the same kind of service, except where a lower rate, or free transportation, is now prescribed by law, in which case such laws shall continue in force as to the companies to which they apply. In the discharge of these duties the said companies shall be subject to and bound by the provisions of any act of Congress, and the authority exercised thereunder relating to postal, military, or any other Government transportation, and shall give the Government preference in the use of the same for all the purposes aforesaid as mentioned in the sixth section of the act of July 1, 1862, and all acts amendatory thereof.

A similar provision was inserted in the bill recommended by the majority of the Pacific Railway Commission.

It should be borne in mind that without this any of these companies accepting the terms proposed could, if desired, or if it was to their interest, cease to use and operate any portion, or even all, of their respective lines, thus defeating the main purpose of their construction.

Hon. E. Ellery Anderson was of the opinion that it was required to maintain the privileges of the Government, hence he included it in the bill recommended by the Pacific Railway Commission.

Sections 3, 5, and 6 of the act of 1862 grant lands and bonds to aid in their construction and to secure "safe and speedy transportation of the mails, troops, munitions of war, and public stores thereon."

Said bonds and lands are granted on the conditions set forth therein (in section 6) as follows:

That said companies shall keep said railroad and telegraph line in repair and use, and shall at all times transmit dispatches over said telegraph line, and transport mails, troops, and munitions of war, supplies, and public stores upon said railroad for the Government, whenever required to do so by any Department thereof, and that the Government shall at all times have the preference in the use of the same for all purposes aforesaid (at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service).

GOVERNMENT RIGHTS SUPERIOR TO ALL LIENS.

Section 10 of the act of 1864, which makes the Government's lien a second mortgage, was declared subordinate to the first mortgage in all respects. I quote therefrom:

Except as to the provisions of the sixth section, * * * relating to the transmission of dispatches and the transportation of mails, troops, munitions of war, supplies, and public stores for the Government of the United States.

Just set forth in full, thus maintaining its superiority over all liens of whatsoever character.

Even the reckless liberality of the Congress which changed the original status of the Government lien signified a due regard for this important and valuable reservation.

PROPERTY OR TROOPS OF THE UNITED STATES TRANSPORTED FREE OF CHARGE.

The act of July 25, 1866, providing for the construction of a railroad and telegraph line from the Central Pacific Railroad in California to Portland, Oreg., has a more favorable condition in favor of the Government. Section 5 thereof reads as follows:

And be it further enacted, That the grants aforesaid are made upon the condition that the said companies shall keep said railroad and telegraph in repair and use, and shall at all times transport the mails upon said railroad, and transmit dispatches by said telegraph line for the Government of the United States, when required so to do by any Department thereof, and that the Government shall at all times have the preference in the use of said railroad and telegraph therefor at fair and reasonable rates of compensation, not to exceed the rates paid by private parties for the same kind of service. And said railroad shall be and remain a public highway for the use of the Government of the United States, free of all toll or other charges upon the transportation of the property or troops of the United States; and the same shall be transported over said road at the cost, charge, and expense of the corporations or companies owning or operating the same, when so required by the Government of the United States.

This road is now under the control of the Central Pacific.

PAYMENT OF MONEY FORBIDDEN ON CERTAIN ROADS.

In 1875 the following was enacted concerning the transportation of property or troops of the United States:

[Act of March 8, 1875.—An act making appropriations for the support of the Army for the fiscal year ending June 30, 1876, and for other purposes.]

Provided, That no money shall hereafter be paid to any railroad company for the transportation of any property or troops of the United States over any railroad which, in whole or in part, was constructed by the aid of a grant of public land, on the condition that such railroad should be a public highway for the use of the Government of the United States, free from toll or other charge, or upon any other conditions for the use of such road for such transportation; nor shall any allowance be made for the transportation of officers of the Army over any such road when on duty and under orders as military officers of the United States. But nothing herein contained shall be construed as preventing any such railroad from bringing a suit in the Court of Claims for the charges for such transportation, and recovering for the same if found entitled thereto, by virtue of the laws in force prior to the passage of this act; Provided, That the claim for such charges shall not have been barred by the statute of limitations at the time of bringing the suit, and either party shall have the right of appeal to the Supreme Court of the United States: And provided further, That the foregoing provision shall not apply for the current fiscal year, nor thereafter, to roads where the sole condition of transportation is that the company shall not charge the Government higher rate than they do individuals for like transportation, and when the Quartermaster-General shall be satisfied that this condition has been faithfully complied with.

THE REILLY BILL WAIVES THESE CONDITIONS.

The Reilly bill, as far as it is applicable to these railroads, in case of acceptance, makes no mention of this important feature. In fact it is waived.

It is claimed by some that sections 8 and 17 thereof meet all requirements. The former section perpetuates the statutory lien; that is, the Government mortgage; the latter continues existing provisions "until the settlement and the execution and delivery of the bonds and mortgage" therein mentioned.

The expression in section 18—

Nothing herein contained shall be held to deny, exclude, or impair any right or remedy in the premises now existing in favor of the United States—can hardly be claimed to preserve these conditions in making the proposed settlement and contract, particularly when mention thereof is made where a sale on foreclosure is provided for, and entirely omitted in that part setting forth on what terms an extension of time will be granted.

The doubt would be removed by making the same applicable in case of acceptance.

The enactment of such a law discharges beyond doubt the original trust, and creates a new obligation. Whatever reservations are to be made must be specified in the new contract. It will not do to trust to chance in dealing with these corporations. The proneness exhibited by some courts to find technicalities and

loopholes in passing upon disputed points in railroad legislation should admonish Congress to beware of ambiguities.

NO MORE SIDE SHOWS LIKE THE CREDIT MOBILIER AND CONTRACT AND FINANCE COMMITTEE SHOULD BE COUNTEANED.

Second proposed amendment.

That no contract or order for the improvement, repair, or betterment of said roads, or for furnishing fuel, ice, material, and other supplies thereto, shall be awarded or given, by contract or otherwise, to any person, firm, company, or corporation, in which the officers or the directors of said companies, or either of them, are directly or indirectly interested, or in which they, or either of them, constitute in whole or in part the board of directors or trustees, if any exist, or have the controlling or other interest.

The history of the Pacific railroads as set forth in the Credit Mobilier and Pacific Railway Commission investigations demonstrates the necessity for this amendment.

The Government finds itself in the present unsatisfactory condition as a creditor mainly by reason of its absence in the law.

The majority report of the Commission just mentioned says:

The result of the Commission's investigation is that those who have controlled and directed the construction and development of these companies have become possessed of the surplus assets through issues of bonds, stocks, and payments of dividends, voted to themselves, while the great creditor, the United States, finds itself substantially without adequate security for the repayment of its loan.

Innocent stockholders and shippers generally have likewise suffered.

INTERSTATE COMMERCE COMMISSION SHOULD REGULATE FARE AND FREIGHT RATES—NO SPURIOUS CAPITALIZATION AND WATERED STOCK TO BE CONSIDERED.

Third proposed amendment.

That the rates of freight and fares established by said companies shall be subject to regulation by the Interstate Commerce Commission, and may be reduced by said Commission when considered excessive, either on its own motion or petition of any shipper after due hearing and investigation thereof. The said Commission, in so doing, shall disregard existing capitalizations and rate the respective roads at their market value.

When it is considered that the Government exercises supervision and control over freights and fares charged by interstate roads which we have neither aided with subsidy bonds nor land grants, how much more reason exists to retain control over charges on railroads to which we have given munificently of both, and in which we have certain reserved rights.

Particularly should we do this when the fictitious capitalization of these roads is kept in view.

OVER \$172,000,000 OF FICTITIOUS CAPITALIZATION.

I submit a statement taken from a report of the evidence of said Commission which speaks louder than words in favor of this contention:

	Cost.	Capitalization.	Fictitious capitalization.
Union Pacific	\$38,824,000	\$109,814,812	\$70,990,812
Kansas Pacific	11,800,000	25,028,250	13,228,250
Central Branch Union Pacific	2,731,347	4,200,600	1,468,653
Sioux City and Pacific	2,600,000	5,047,720	2,447,720
Central Pacific	26,000,000	124,211,080	84,211,080
Western Pacific	4,000,000		
Total	95,955,347	268,902,462	172,347,115

A BOLD FRAUD SHOULD NOT BE CONFIRMED BY LAW.

The people of California and the remaining Western States are in equity entitled to relief from this unjust imposition.

No sufficient reason can be advanced in favor of confirming a bold fraud by a law of Congress to perpetuate its baneful effects.

Our people have longed for a judgment day before the supreme tribunal of their country, and confidently expect a correction of past abuses and just treatment in the future when it does dawn.

THE GOVERNMENT SHOULD RETAIN ALL EARNINGS FOR SERVICES RENDERED PENDING EXISTENCE OF INDEBTEDNESS.

Fourth proposed amendment.

That hereafter so long as said companies, or either of them, continue indebted to the United States no money shall be paid from its Treasury for or on account of services rendered thereto, or any department of the Government thereof, over or upon railroads or telegraph lines heretofore aided by the advance of subsidy bonds, or upon any railroads or telegraph lines owned, leased, or operated by the said companies, or either thereof, or the successors by grant, lease, or otherwise of either of said companies; but the amount thereof shall, when ascertained, be credited on the indebtedness of the respective companies.

It is manifestly just for the Government in any proposed settlement to retain at least the value of the services thus rendered. This would be the rule as between man and man. It should be followed by the Government in dealing with a debtor of the class described by the evidence before the Commission, to which reference has hitherto been made.

THE COMPANIES SHOULD BE REQUIRED TO OPERATE THE SEVERAL RAILROADS AS ONE CONTINUOUS LINE, AND WITHOUT DISCRIMINATION FOR OR AGAINST ANY SHIPPERS THEREON.

Fifth proposed amendment.

That said companies are hereby required to operate and use said roads and telegraph for all purposes of communication, travel, and transportation, so far as the public and the Government are concerned, as one continuous line; and, in such operation and use, to afford and secure to each equal advantage

and facilities as to rates, time, and transportation, without any discrimination of any kind in favor of the road or business of any or either of said companies, or adverse to the road or business of any or either of the others, and without any discrimination for or against any shipper thereon.

This is practically the law now applicable to the Pacific railroads, though it must be admitted that it has been "honored more in the breach than the observance."

Its continuance, followed by strict enforcement, is demanded as a safeguard for the people.

The efforts made by various companies to break away from its effects demonstrate the immense value of maintaining it for the benefit of commerce.

EQUAL RIGHTS TO ALL EXPRESS COMPANIES.

Sixth proposed amendment.

That all express companies duly organized under the laws of any State or Territory shall be entitled to equal privileges on all trains of said companies on paying the fixed rate for such service and complying with all necessary regulations, both of which shall in all cases be uniform.

This is made necessary by the arbitrary manner in which some of these roads have acted. In California they have secured control of Wells, Fargo & Co.'s Express, and as a consequence the latter enjoys exclusive rights over the Central Pacific and other bond-aided lines. This community of interest, destructive to competition, leads to many abuses and the establishment of privileges entirely at the expense of shippers.

Public policy dictates that these railways should be open to all express companies on equal terms.

The same rule should apply to all telegraph lines connected therewith.

SUITS SHOULD BE INSTITUTED TO RECOVER UNLAWFUL APPROPRIATION OF BONDS AND PROPERTY.

That the President of the United States is hereby requested to cause actions to be instituted and prosecuted in the proper courts of the United States against all persons, companies, estates, or corporations, and the assigns and successors in interest of either, which, by investigations already made, or such as may be hereafter undertaken, are shown to have unlawfully appropriated and diverted funds, bonds, securities, and property contrary to law and to the prejudices of the United States, with the view of securing an accounting from each thereof, and the recovery of the funds and the value of the bonds, securities, and property, if return of the same can not be had, so unlawfully appropriated and diverted.

It will be noticed that the above differs from section 14 of the Reilly bill mainly in requiring the Government to commence suits in its own name.

In many instances the directors of these companies have anticipated action by their successors in office by having resolutions releasing them from all liability adopted at a stockholders' meeting.

I quote an instance as follows:

April 14, 1885, a release in the following form was thus adopted, and, as the evidence shows, actually executed to the directors of the Central Pacific Railroad:

Know all men by these presents, that the Central Pacific Railroad Company, for value received, remises, releases, and forever discharges, and by these presents does, for itself, its successors, and assigns, remise, release, and forever discharge (here insert the name of the party) of and from any and all liability and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, claims, and demands whatsoever which said Central Pacific Railroad Company ever had, or now has, or which it or its successors or assigns can, shall, or may have by reason of any acts or doings of said — as (here insert the office) or director of said company, or of any matter or thing arising or growing out of any such acts or doings.

In witness whereof, the said Central Pacific Railroad Company, by an order of its board of directors and by an order of its stockholders, has caused these presents to be signed by its secretary and its corporate seal to be hereunto affixed as its act and deed this — day of —, 1885. (See page 3077, Testimony Pacific Railway Commission. Senate Executive Document No. 51, Fiftieth Congress, first session.)

It is natural to suppose that this method became contagious, and that all officers and directors are thus secured.

A suit by any company, as contemplated, would be a useless undertaking; besides, the statute of limitations would form a bar in most cases. This plea could not be invoked against the United States. Hence the necessity for action by the Government if these frauds are ever to be unearthed and restitution had of funds and property unlawfully diverted.

The Pacific railroads should be purged, again quoting from the President's message, of "all that is fraudulent, fictitious, or unconscionable."

There are other amendments of more or less importance that are necessary to perfect a measure of this kind, viewed from the standpoint of the Government, but those presented more intimately affect the industrial and commercial interests of the country, and are sufficient to clearly show the effect of their omission in any contemplated legislation.

In the light of experience we would be justly held responsible did we not at least try to avoid the practices and evils under which our people have suffered in any future dealings with these companies.

Personally, I am opposed to all the funding schemes so far proposed.

I believe the laws we now have should be strictly enforced, and unless payment is made the Government should take possession of all the roads in default, and, by virtue of the forfeiture clause of the law of 1863, proceed, by proper legal proceedings, to declare the same Government highways.

A TAX ON THE WEST.

If this plan is not pursued considerations of duty and patriotism should dictate some method that will not draw the lifeblood of commerce and industry from the communities in the West, from Omaha to San Francisco, furnishing local traffic to these corporations.

All plans so far devised throw the burden of payment upon them, thus imposing additional charges over and above those to which they are ordinarily subjected. They have long since reached the limit of endurance.

They have a right to expect from their fellow-countrymen exemption from such a fate, and to demand that in the event of a settlement the companies shall be made to pay the debt from the funds of their owners, or from earnings accumulated in the legitimate course of business on a bona fide capitalization, representing the true value of the investment.

Whatever may be thought of the California idea, no one can dispute the justice of this request.

I had occasion on another measure closely connected with this to present the following in support of this issue:

While on this branch of the discussion, I purpose to direct the attention of the House to the effect of the passage of any funding legislation which may be reported.

When the Reilly bill was before us it was denied by its supporters that the local traffic would be compelled to pay the bulk of this debt.

I took issue with them and was prepared to substantiate my view, had an opportunity been afforded.

I assert now that the passage of any law postponing payment, or organizing a system such as proposed by the remodeled Reilly bill, will mortgage the labor, productions, and enterprise of the people inhabiting the country through which these lines run for an indefinite period. This particularly will be the case with California.

There are many things Congress can do; there are some things Congress should refrain from doing. This is of the latter class.

Whatever errors of omission or commission it may commit on the tariff, silver, or bond issue, it ought not to yoke us against our solemn protest to a fate so unmerited and so indefensible as that proposed.

Now for the proofs:

The Senate Committee on Pacific Railroads, in its report to the Senate, filed in anticipation of the passage of the original Reilly bill, said of the funding proposition:

"Whichever plan may be adopted will require the consent of the company, and ought to take into consideration the interests of the people living along the line and depending wholly upon them for railroad facilities. As the honorable Commissioner of Railroads well says in his special report of April 1, 1882, above referred to:

"The interests of the people living along the lines and depending wholly upon the Union and Central Pacific roads for their transportation facilities are directly and vitally involved in this controversy. There is only one way in which the railroad companies can pay their debts—that is, by earning the money to pay them with. They have no surplus funds and no sources of income except from the operation of their roads. If the terms of settlement enforced by Congress demand too speedy payments or too high a rate of interest, then if the roads attempt to comply with such terms they can do so only by levying exorbitant rates upon their traffic. This would be a hardship upon the people living along their lines. There would be no escape for those who depend entirely upon these roads for their transportation. Through rates can not be advanced; competition would prevent that. The forces of commerce are more potent than any railroad company in fixing the rates from competing centers. The burden would inevitably rest upon local traffic."

"A failure of crops, the closing down of the mines, and a general stagnation in business of all kinds have prostrated the affairs of nearly all the Western roads. With little to sell, and that little bringing a low price, and with the general scarcity of a circulating medium, the condition of the Western producer is far from satisfactory. The railroads, as before stated, must depend upon local traffic almost exclusively for their earnings."

The opinion of the Commissioner included in this quotation should have weight with us. We should impress upon our minds the pertinent suggestion with which he closes:

"The burden would inevitably rest upon local traffic."

The Senate report proceeds:

"As we have stated with reference to the Union Pacific, the earnings of these roads must come almost wholly from local traffic. The competition for through business has become very sharp since the completion of the other transcontinental lines of road, so that now that business pays little or nothing beyond the cost of its transportation. Along the whole line of the main stem of the Central Pacific from Ogden to Reno, a distance of nearly 600 miles, there is no local traffic of any consequence whatever. The State of Nevada, through which this line extends, is not increasing in wealth and population at all. Its population is not now as great as it was some years ago."

"The mining industry in that State has for years been on a decline, and now what mines remain are all practically closed down. That industry almost alone in former years made up the business of the Central Pacific in Nevada. Without it, and with nothing else to take its place, the long line of road from Ogden west to the mountains, in the language of Mr. Huntington, might as well be '1,000 feet in the air,' so far as its value for local traffic is concerned, it being simply 'what you might call a bridge to connect the East and the West.'"

"The local traffic, therefore, of the Central Pacific system must come from the country along the lines west of the Sierra Nevada; that is, along the line of the old Western Pacific from Sacramento down to San Jose, along that portion of the main line from Sacramento east to the base of the mountains, and along the branch lines. All that country is very rich, and the business of it will, in all probability, increase from year to year. It is from those pieces of road that the Central Pacific must derive its income for many years—in fact, until, if ever, the State of Nevada takes on new life and is more fully developed."

Who has or can successfully dispute these conclusions?

The Government directors of the Union Pacific Railway, in their report for 1886, add their testimony as follows:

Like all other great railroads of the West, the Union Pacific must in future look almost entirely to the development of its local business for its principal revenue.

HUNTINGTON AND STANFORD'S ADMISSIONS.

C. P. Huntington himself, in a pamphlet bearing his signature and lately distributed to the members of the House, said on this question:

The money has to come mostly from the people who live along the line; that is, from the local business, as the interstate-commerce law has enabled the Canadian Pacific Railway Company to take most of the through or overland business.

Again, on page 4154, Volume VII, Testimony of the Pacific Railway Commission, he admits that—

The through business does not leave any, or very little, net earnings, and the amount to be paid must come from the local traffic.

The report submitted on a similar bill by Senator FRYE, of Maine, in the Fifty-first Congress, first session, contains a letter from Senator Stanford, of California, in which occurs the following:

If the Government is to be paid it must be chiefly out of the earnings of the local roads in the State of California; therefore, while the benefit has been and is national, the burden of payment will be local.

Of course he had reference only to the Central-Pacific debt.

I feel that we can safely rest our case on this point without fear of the rebuttal evidence of our opponents.

The local traffic, and not the manipulating syndicates, would pay this debt.

It is to be hoped that Congress will not reverse the judgment lately rendered. To retreat now would wipe away a record which, if adhered to, will cause the Fifty-third Congress to live in history as having made the first turn in that long lane which the oppressed toilers of the country had almost believed had no ending.

An incident illustrating the truth of this prediction took place soon after the now famous roll call, when, amid the applause of the victors and the excitement of the moment, a lady in the members' gallery, answering the query of the representatives of the English stockholders of the Central Pacific Railroad, "What have they done?" said:

They have recommitted your bill without instructions. Go tell your English friends that you to-day have witnessed an exhibition of American manhood and honesty.

That is the universal verdict. Good effects are noticeable everywhere. People have renewed their faith in our institutions and in the honesty of purpose of their public servants.

In California, where for twenty years it was sought without avail to organize a competitive system from San Francisco to the interior of the State, over \$2,000,000 were subscribed in a week after that memorable day.

Counties, cities, and towns are vying one with another in fostering the great enterprise.

The organization is now complete, and ground will be broken in a few weeks.

Encouraged by the victories gained in this Congress, the people have awakened to a just conception of the responsibilities resting upon this body in the future.

Woe to the man or party taking a backward step in this battle against the usurpations of corporate power.

APPENDIX A.—THE REILLY BILL.

A bill to amend an act entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862; also to amend an act approved July 2, 1864, and also an act approved May 7, 1878, both in amendment of said first-mentioned act; and to provide for the settlement of claims growing out of the issue of bonds to aid in the construction of certain railroads, and to secure to the United States payment of all indebtedness of certain companies therein mentioned.

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to ascertain the amounts of the respective indebtedness of the Union Pacific Railroad Company, the Kansas Pacific Railway Company, the Central Branch Union Pacific Railroad Company, the Central Pacific Railroad Company, and the Western Pacific Railroad Company, to which the subsidy bonds of the United States were advanced in aid of the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean pursuant to the acts of Congress approved July 1, 1862, and July 2, 1864, as of the 1st day of January, 1896, to be computed and ascertained as follows:

First. To the total amount of the principal of said bonds of the United States shall be added the interest which shall then have been paid and the interest then and thereafter payable by the United States thereon, until the respective dates of maturity of said bonds, as if no payment had been made or credit given thereon.

Second. From the aggregate amount so ascertained shall be deducted any and all payments or credits of the said indebtedness to the United States as shall appear in the bond and interest accounts of said companies, respectively, with the United States, as of January 1, 1895.

Third. The present worth of the balance so found shall be computed as of January 1, 1895, by discounting the said balance at the rate of 3 per cent per

annum for the period between the last-mentioned date and the average date of maturity of the said bonds of the United States. The amount so computed and ascertained shall be deemed to be the amount due to the United States on January 1, 1896.

SEC. 2. When the said companies, or either of them, shall provide as herein-after required for the payment of the first-mortgage bonds issued by any of said companies which now have priority over the lien of the United States, the bonds of such company secured by a mortgage upon all its franchises and property as hereinafter authorized, shall be received as collateral security for the amount of its indebtedness to the United States, so as aforesaid ascertained, but all liens, mortgages, securities, and remedies under existing laws to secure the payment of said indebtedness are hereby continued in full force and effect. The bonds to be received by the United States shall be dated January 1, 1896; shall be payable, principal and interest, as hereinafter provided; shall bear interest at the rate of 3 per cent per annum, payable semiannually on the 1st day of January and July in each year, any overdue interest on said bonds being payable in cash at the time of delivery of the bonds, and shall be in such sums and in such form as the Secretary of the Treasury shall approve.

SEC. 3. That upon the acceptance of and compliance with the provisions of this act by the said Union Pacific Railway Company and the said Central Pacific Railway Company, and the delivery to the United States of such bonds as herein provided, the securities and moneys to the credit of the said company so accepting and complying, in the sinking fund, created pursuant to the act of Congress May 7, 1878, shall be disposed of as follows, to-wit: All bonds held in said sinking fund, secured by first mortgage upon any part of the railway of such company covered by the existing lien of the United States, shall be canceled. All other securities and cash in said fund shall be applied in extinguishing, in such manner as shall be approved by the Secretary of the Treasury, any portion of the remainder of the bonds secured by said first mortgages; but said sinking fund shall not be so applied or available under the provisions of this act until said company shall have made provision satisfactory to the Secretary of the Treasury for the payment at or prior to the maturity thereof of all of said bonds secured by said first mortgage and the discharge of such mortgage.

SEC. 4. That the said Union Pacific Railway Company, successor to the Union Pacific Railroad Company, and the Kansas Pacific Railway Company, and the said Central Branch Union Pacific Railway Company be, and they are hereby, authorized to make, issue, and deliver to the Secretary of the Treasury each its certain indentures of mortgage, which shall bear date of 1st day of January, 1896, covering and embracing the entire property of the said Central Branch Union Pacific Railway Company, real, personal, and mixed, and the property of the said Union Pacific Railway Company as existing and constituted since the consolidation of the Union Pacific, the Kansas Pacific, and the Denver Pacific Railroad companies, effected January 24, 1880, including all the right, title, and interest of such company in any stocks, bonds, or securities, or lands, or any branch lines or auxiliary companies in which said company now has any interest, and which said mortgage shall cover and embrace the railway line of said company from Council Bluffs, Iowa, to the western terminal thereof west of Ogden, Utah, and from Kansas City, Mo., to Cheyenne, Wyo., by way of Denver, Colo., including all terminals at Council Bluffs, Iowa; Omaha, Nebr.; Kansas City, Kans., and Kansas City, Mo.; the Omaha Bridge, and all other terminal properties of said company, and all branch lines, so as to make said mortgage embrace and include the entire line of said company as constituted by said consolidation, extending from Council Bluffs, Iowa, to the terminal west of Ogden, Utah, and from Kansas City, Mo., to Cheyenne, Wyo., making a total mileage of 1,832.59 miles, and all railroads hereafter acquired or constructed by said company or companies, and all their franchises, telegraph lines, rolling stock, fixtures, and property of every kind and description, as well as that which it, its successors or assigns, may hereafter acquire subject to any bona fide, lawful, and paramount lien, claim, or mortgage. A proper and complete description and inventory of all property affected by such mortgage shall be prepared, under the direction of the Secretary of the Treasury, which, when approved by him, shall be filed in his office. But this section of said mortgage shall not be construed to prevent said company from using or disposing of any of its property or assets in the ordinary, proper, or lawful course of its business, in good faith and for valuable consideration, after notice to and with the approval of the Secretary of the Treasury, nor from using or disposing of any of its real or personal property not necessary to the operation of its railroads: *Provided*, That the proceeds of any such property and any property acquired with the proceeds of any such property owned by said company, whether realized by sale, pledge, or otherwise, shall in like manner and with the same power to dispose of the same be subject to the lien of the said mortgage: *Provided*, That the said Union Pacific Railway Company shall relinquish and abandon any and all claim, right, title, interest, and demand to or in a right of way exceeding 100 feet in width, through the lands formerly known as the Delaware and Pottawatomie Indian Reservations in the State of Kansas.

SEC. 5. That the Union Pacific Railway Company shall execute and deliver its said mortgage and bonds for the amount of its indebtedness and the indebtedness of the Kansas Pacific Railway Company to the United States, and the Central Branch Union Pacific Railroad Company shall execute and deliver its mortgage and bonds for the amount of its indebtedness to the United States; and the said bonds of each company shall be numbered consecutively from one to a number which will include the whole amount thereof, and shall be payable in lawful money of the United States. So long as any of said bonds remain unpaid each of said companies shall semiannually, on the 1st days of January and July of each year for a period of ten years, commencing on the 1st day of July, 1896, pay to the Secretary of the Treasury of the United States, in addition to the interest which shall then be due on its indebtedness, one-half of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1905, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1915, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 and one-fourth of 1 per cent of the whole sum for which it gave its bonds and mortgage, as herein provided; and for a period of ten years, commencing on the 1st day of July, 1925, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 and one-half of 1 per cent of the whole sum for which it gave its bonds and mortgage. The said payments of principal shall be applied in payment of said indebtedness so as aforesaid ascertained, and the bonds of said company to an amount equal to such payment, and in the order of the numbers of such bonds, beginning with the lowest unpaid number, shall thereupon be canceled and surrendered to the company.

SEC. 6. That the said Central Pacific Railroad Company, successor to the Central Pacific Railroad Company of California and the Western Pacific Railroad Company, be, and is hereby, authorized to make, issue, and deliver its certain indenture of mortgage, which shall bear date of 1st day of January, 1895, covering and embracing the entire property of such company as at present consolidated, real, personal, and mixed, including all the right, title, and interest of such company in any stocks, bonds, or securities, or lands, or any branch lines or auxiliary companies in which such company has now any interest, and all beneficial interest which it may have in the certain lease of its property to the Southern Pacific Company as hereinafter provided, and all railroads now owned or hereafter acquired or constructed by said Central Pacific Railroad Company, and all their franchisees, telegraph lines, rolling stock, fixtures, and property of every kind and description, as well as those which it, its successors or assigns, may hereafter acquire, subject to any bona fide, lawful, prior, and paramount lien, claim, or mortgage upon any of the railroads, franchisees, or property now owned by such company, or which such company may hereafter acquire, except as hereinafter provided. A proper and complete description and inventory of all the property affected by such mortgage shall be prepared under the direction of the Secretary of the Treasury, which, when approved by him, shall be filed in his office. But this section or such mortgage shall not be construed to prevent such company from using and disposing of any of its property or assets in the ordinary, proper, and lawful course of its current business, in good faith and for valuable consideration, nor from using and disposing of any of its real and personal property not necessary to the operation of its railroads, after notice to and with the approval of the Secretary of the Treasury, provided that the proceeds of such property, and any property acquired with the proceeds thereof, owned by said company, whether realized by sale, pledge, or otherwise, shall in like manner and with the same power to dispose of the same be subject to the lien of the said mortgage. Until the mortgages, liens, and claims upon the mortgaged premises junior and subordinate to the existing liens of the United States shall have been extinguished the existing liens of the United States shall not be extinguished, but shall remain in full force.

SEC. 7. That the said Central Pacific Railway Company shall execute and deliver its said mortgage and bonds for its indebtedness to the United States, and the said bonds shall be numbered consecutively from one to a number which will include the whole amount thereof, and shall be payable in lawful money of the United States. So long as any of said bonds remain unpaid said company shall semiannually on the 1st days of January and July of each year for a period of ten years, commencing on the 1st day of July, 1895, pay to the Secretary of the Treasury of the United States, in addition to the interest which shall then be due on its indebtedness, one-half of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1905, said company shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, three-quarters of 1 per cent of the whole sum for which it gave its bonds and mortgage as herein provided; and for a period of ten years, commencing on the 1st day of July, 1915, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 per cent of the whole sum for which it gave its bonds and mortgage, as herein provided; and for a period of ten years, commencing on the 1st day of July, 1925, each of said companies shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 and one-fourth of 1 per cent of the whole sum for which it gave its bonds and mortgage, as herein provided; and for a period of ten years, commencing on the 1st day of July, 1935, said company shall semiannually pay to the Secretary of the Treasury, in addition to the interest which shall then be due on its indebtedness, 1 1/2 per cent of the whole sum for which it gave its bonds and mortgage. The said payments of principal shall be applied in payment of the said indebtedness so as aforesaid ascertained and the bonds of said company to an amount equal to such payment, and in the order of the numbers of such bonds, beginning with the lowest unpaid number, shall thereupon be canceled and surrendered to the company.

SEC. 8. That the statutory lien created and subsisting under and by virtue of the act of Congress approved July 1, 1862, and the act of July 2, 1864, and the act of May 7, 1878, and under any and all other acts of Congress, to secure the payment of said subsidy bonds, and the interest thereon, as set forth in said acts, and upon all the property subject to said statutory lien, shall be and remain in full force for security for the debts owing by each of said companies mentioned in this act to the United States, until the same are fully paid.

SEC. 9. That each of the mortgages authorized by the foregoing provisions of this act shall contain a covenant providing that, in the event of any default continuing for ninety days in the said semiannual payments, the entire debt due to the United States from the company making such default shall immediately mature, and shall also contain such other terms and stipulations in conformity with the provisions of this act as may be deemed necessary to efficiently secure the said bonds and the application thereto of the moneys paid to the Secretary of the Treasury for retiring the principal thereof, and as may be approved by the Secretary of the Treasury of the United States. The said mortgages shall be delivered to the Secretary of the Treasury, and upon the delivery thereof shall, respectively, be valid and subsisting mortgages each of all the property of said mortgagor company, real, personal, and mixed, embraced, covered, or required by the terms of this act, and such delivery shall have all the effect of recording the same in any place. Said mortgages shall at all times be open to public inspection, under such rules and regulations as the Secretary may prescribe, and copies thereof, certified by the Secretary of the Treasury, shall, as soon as may be after their respective delivery, be deposited with and recorded by each of the clerks of the supreme courts of the Territories of the United States in which the roadbed, or any part thereof, of said companies, respectively, is situated, which copies and records shall at all times be open to public inspection. All such copies and the recording thereof shall be at the expense of said company.

SEC. 10. That so long as any of the bonds issued by either of the companies, according to the provisions of this act, shall belong to the Government, no money shall be paid from the United States Treasury for or on account of services rendered to the United States, or any Department of the Government thereof, over or upon the said railroads or telegraph lines heretofore aided by the advance of subsidy bonds, or upon any railroads or telegraph lines owned, leased, or operated by the said companies that issued such bonds, until the installments of principal and interest upon such bonds next maturing after such services are rendered shall be fully paid by such company as herein provided; but the obligations to pay such installments so to be paid to the United States by said companies, and the obligation of the United States to pay for services, shall be deemed otherwise independent.

SEC. 11. That hereafter, so long as any of the bonds authorized by the provisions of this act shall remain outstanding and unpaid, no dividend shall be paid by the company whose bonds are so outstanding unless the same shall have been actually earned, or unless such company shall have paid all interest due on its bonded debt having a lien prior to the Government and all matured indebtedness and interest then due and payable on its debt to the United States under this act; or unless the said earnings, after deducting all

interest accrued but not payable at the time of the declaration of such dividends, shall be sufficient to warrant the payment thereof. In no event shall either of said companies whose bonds are so outstanding pay any dividend exceeding the rate of 4 per cent per annum, unless the said company shall, at the time of declaring such dividends in excess of 4 per cent per annum, so long as any of the said bonds are held by the United States, pay an amount equal to the excess over 4 per cent per annum so declared to the Secretary of the Treasury, to be applied upon the lowest numbered bonds of the principal of the debt of such company to the Government, and unless the earnings of the said company shall suffice to warrant the payment of such excess and also the payment to the Government. Any director or officer who shall declare or pay, or aid in declaring or paying, a dividend prohibited by this act shall, upon conviction in any court of competent jurisdiction, be punished by imprisonment not exceeding two years or by a fine not exceeding \$5,000, or by both such fine and imprisonment. And that said companies heretofore mentioned, their successors, lessees, and assigns, shall cooperate in making track connections with all railroads of other companies now or hereafter built to points of junction with their roads, and at any point where any railroad shall connect with their roads, or either of them, they and their successors, lessees, and assigns shall afford to all such connecting roads equal times, terms, rates, and facilities for the interchange of traffic, both passenger and freight, between such connecting roads and their respective roads and every part thereof. And any contract, arrangement, or device, by sale, lease, consolidation, through-car service, or otherwise, intended for or resulting in any preference or advantage whatsoever to any such railroad so connecting at any such common point, or which shall subject any such railroad so connecting at any such common point to any prejudice or disadvantage whatsoever, is hereby declared to be unlawful.

SEC. 12. That this act shall take effect as to each of the said companies and their branches, respectively, as hereinbefore described, upon the acceptance of its terms by the board of directors of such company in writing, over the corporate seal of such company, signed by its president and attested by its secretary, being filed or deposited with the Secretary of the Treasury within six months after the passage of this act, subject, however, to the completion of the settlement and adjustment in this act proposed and provided; but any company which shall not so file its acceptance shall take no benefit from this act.

SEC. 13. That either of said companies may, at any time after the execution and delivery of their said bonds, but only so long as said bonds are held and owned by the United States, pay the whole or any portion of said bonds, by paying the amount thereof, together with the accrued interest thereon, to the Secretary of the Treasury, who shall thereupon cancel the bonds so paid and deliver the bonds so canceled to the said company.

SEC. 14. That the said companies accepting the provisions of this act, and each of said companies, shall, whenever requested in writing by the Department of Justice of the United States, and so long as the United States shall be the holder and owner of any of the bonds authorized by this act, cause any actions at law or suits in equity, or other proceedings, to be instituted and prosecuted in the name of said company or companies against any person who is, or has been, a director, officer, agent, or employee of the said company, for the purpose of enforcing any cause of action whatever arising, or which may hereafter arise, out of any alleged violation of duty, misappropriation of assets, or any other act or transaction whatsoever, in respect of which the said Department of Justice shall allege that it desires such action, suit, or other proceeding to be instituted and prosecuted. All such actions, suits, and proceedings shall be conducted by the Attorney-General of the United States, and he shall be fully authorized by the said company or companies to appear for them or it as attorney or solicitor in such actions, suits, or proceedings, and shall have the entire control of the same from the inception thereof to the end of such prosecution, and also the right to take and prosecute any appeal or appeals from any decision or determination made therein. Any sums of money which may be recovered under the provisions of this section shall be paid to the Treasurer of the United States, and by him applied as payment upon the lowest numbered bond or bonds of the company interested in such recovery outstanding under the provisions of this act; the balance remaining after all said bonds are paid shall be paid to the company in whose name the said sums were recovered.

SEC. 15. That whenever there shall be default in respect of any obligation or condition for which any lien now exists in favor of the United States upon any property of any Pacific railway company the Attorney-General is hereby authorized to enforce the claim and foreclose any such lien of the United States, by sale or otherwise, by any appropriate legal proceedings to be initiated and prosecuted in the court of appeals of the District of Columbia, which court shall have jurisdiction in the premises, both at law and in equity. In case any suit for the sale of any part of the property upon which the United States have a lien, as aforesaid, shall be brought by or on behalf of any person claiming to be the holder or holders of any other lien thereon, the Attorney-General, in his discretion, may enter the appearance of the United States and file such pleadings and take such action as may be appropriate for the protection of the interests of the United States or for the foreclosure of its lien by sale or otherwise in such suit. Upon said proceeding the said property shall be sold to the highest bidder, subject to any prior lien or incumbrance thereon, and for a sum not less than the amount of the debt due to the United States and of interest thereon to the date of confirmation of the sale, and at such sale the Attorney-General, if in his judgment the interests of the United States so require, may bid the amount of said debt, including interest.

SEC. 16. That the purchaser or purchasers at such sale shall keep said railroads and telegraph lines in repair and use, and shall at all times transmit dispatches over such telegraph lines and transport mails, troops, and munitions of war, supplies, and public stores upon such railroads for the Government whenever required by any Department thereof; and the Government shall at all times have the preference in the use of the same for all purposes aforesaid at fair and reasonable rates of compensation, not to exceed the amounts paid by private parties for the same kind of service.

SEC. 17. That it shall be the duty of the Attorney-General to cause the provisions of this act to be enforced, and he shall take all steps needful to that end, and shall make report to the President each year or oftener thereon, which report shall be laid before Congress. And until the settlement and the execution and delivery of the bonds and mortgage in this act provided for shall be completed all existing provisions of law relating to said companies, respectively, shall remain in force.

SEC. 18. That this act and each and every provision thereof shall severally and respectively be deemed, taken, and held as in alteration and amendment of said act of 1862, and of said act of 1864, and of said act of 1878, respectively, and of all of said acts so far as they are inconsistent with this act; nor shall anything in this act be construed or taken in anywise to affect or impair the right of Congress at any time hereafter further to alter, amend, or repeal the said acts hereinbefore mentioned; and this act shall be subject to alteration, amendment, or repeal, as in the opinion of Congress justice or the public welfare may require; and nothing herein contained shall be held to deny, exclude, or impair any right or remedy in the premises now existing in favor of the United States. This act shall be published and printed as a public act, and all proceedings may be cited as such.

APPENDIX B.

Mr. CAMINETTI introduced the following bill:

A bill to amend section 4 of "An act authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," approved March 3, 1867, and to add a new section thereto relating to the indebtedness due the United States from such railroads, and the enforcement of the provisions of "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and to provide for the management of such railroads by the United States as military and post roads in case default is made in the payment of said indebtedness as provided by law.

Be it enacted, etc., That section 4 of an act entitled "An act authorizing an investigation of the books, accounts, and methods of railroads which have received aid from the United States, and for other purposes," approved March 3, 1867, is hereby amended to read as follows:

"SEC. 4. That upon the failure or refusal of either of said railroad companies to pay the debt due from each respectively to the United States as the same becomes due, together with interest thereon, at the time and in the manner set forth in the act of Congress entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes," approved July 1, 1862, and the several acts amendatory thereof, the Secretary of the Treasury, in order that the securities and claims of the United States in respect of its lien, mortgage, or other interest in any of the property of any or all of the said companies upon which a lien, mortgage, or other incumbrance prior to all or either of those of the United States on the same property, or any part thereof, may exist, and be then lawfully liable to enforcement, be fully protected and preserved, shall immediately take possession of such road or roads with all the rights, functions, immunities, and appurtenances thereunto belonging, and also all the lands granted to either thereof by the United States, which at the date of such default shall remain in the ownership of the respective companies. He shall thereupon without delay request a conference with the holders of the prior lien, mortgage, or other incumbrance, or their duly authorized agents, for the purpose of securing an extension of time for the period of twenty-five years, on or before the expiration of which payment thereof may be made, with interest at such a rate as may be agreed upon not exceeding — percent per annum. And for this purpose he is hereby authorized for and in behalf of the United States to assume payment of the same. If such holders do not elect to accept such terms as the Secretary of the Treasury may offer in such conference, then he is hereby authorized to issue bonds equal in amount to the aggregate of such prior lien, mortgage, or other incumbrance and the interest due thereon, payable on or before the expiration of twenty-five years, in denominations ranging from — dollars to — dollars, bearing interest at the rate of — per cent per annum from date of issuance until paid, and out of the proceeds pay such prior lien, mortgage, or other incumbrance: *Provided*, That none of said bonds shall be sold at less than par.

"It shall be the duty of the Attorney-General to take such steps and proceedings in the courts and otherwise as shall be needful to protect and defend the rights and interests of the United States in respect to the matters in this section mentioned; also, to secure and make operative and final by virtue of the provisions of sections 5 and 6 of the act last above referred to, the forfeiture of the road or roads of such companies so defaulting as aforesaid, with all the rights, functions, immunities, and appurtenances thereunto belonging, and also all the land granted to such companies by the United States, which, at the time of such default, shall remain in the ownership of such road or roads.

"The President of the United States shall, when such forfeiture has become final, by proclamation, declare the said roads military and post roads, and shall place the same with all their appurtenances under the care, management, and control of the Secretary of War.

"No indebtedness in excess of the earnings thereof for each year shall be created without the authority of Congress.

"The Secretary of War shall engage, or cause to be engaged, all agents, assistants, clerks, and employees needed, and shall fix their salaries; but no agent, assistant, clerk, or employee of any kind shall receive a salary exceeding \$5,000 per annum except by authority of Congress, nor shall any of them be removed or discharged unless for cause. The Civil Service Commission shall prescribe rules and regulations governing the tenure of office of such agents, assistants, clerks, and other employees.

"Within three months after the issuance of said proclamation the Secretary of War shall cause an estimate to be made of the cost of operating said military and post roads, and shall fix the rate of fares and freights thereon so that the total receipts shall not exceed all operating expenses and the sums required to create a sinking fund to liquidate the bonds herein authorized and pay the interest thereon: *Provided*, That the salaries now paid to the officers of the Government in the various departments referred to in this act, and the actual expense of operating trains in the postal, military, and other service of the United States, shall, as now, be paid by the respective departments employing and conducting the same.

"The Secretary of the Treasury and the Secretary of War shall determine how much of the principal of said bonds may be conveniently paid each year, which amount, together with that required to pay interest thereon, shall be set aside by the latter and transmitted to the Treasurer of the United States for such purposes.

"It is hereby declared not to be the object of the United States to enter into the railroad transportation business in the full sense of that term, and with a view to avoid doing so as much as possible the Chief of Engineers, United States Army, under the supervision of the Secretary of War, shall cause to be established and published a schedule of rates, based on equal terms as to charges and equal rights as to privileges, for freight and passenger trains belonging to connecting or other railroad lines, or to associations or individuals, and shall regulate the time and manner of running same so as to give prompt service and the greatest possible security to life and property.

"Whenever in the opinion of the Secretary of War the wants of the public and the necessities of commerce are adequately supplied by this method, at reasonable rates and without discrimination, and a sufficient amount is realized to meet all the charges of maintaining said roads, including the sums necessary to pay interest on said bonds and redeem such portion of the principal as may be directed by the Secretary of the Treasury and Secretary of War, then the latter officer may withdraw the train service entirely or gradually, as the best interests of the Government and the patrons of said roads may require: *Provided*, That such trains as may be necessary in the postal, military, or other service of the United States may be continued, unless satisfactory terms are agreed upon with the companies, associations, or individuals using the military and post roads with their trains, as in this section provided: *And provided further*, That the Secretary of War may resume the train service after such discontinuance whenever such companies, associations, or individuals, by pooling and combinations, are unreasonable in their charges, or discriminate between persons and places, or either.

"The Secretary of War shall place the engineering operations and the

running of trains under the supervision of the Chief of Engineers, United States Army, who is hereby authorized to detail as many of the officers of the Corps of Engineers, United States Army, as may be necessary to properly maintain and protect the roadbed, bridges, buildings, shops, etc., and the management and control of the other departments shall be assigned to other branches of the Army.

"The Secretary of War is hereby authorized and empowered to make such rules and regulations, and employ and use such means as may be necessary, not inconsistent with law, to enforce the authority hereby vested in him, and alter and amend the same as occasion may require.

"The Secretary of War, and all the officers upon whom authority is conferred by this act, shall annually make a report to Congress, detailing the operations of their respective departments, accompanied with such recommendations which experience and the public welfare may seem to demand."

SEC. 2. That a new section is hereby added to said first-named act, to be numbered section 6, and to read as follows:

"SEC. 6. That the President of the United States is hereby requested to cause actions to be instituted and prosecuted in the proper courts of the United States against all persons, companies, estates, or corporations, and the assigns and successors in interest of either, which, by investigations already made, or such as may be hereafter undertaken, are shown to have unlawfully appropriated and diverted funds, bonds, securities, and property contrary to law and to the prejudice of the United States, with the view of securing an accounting from each thereof, and the recovery of the funds and the value of the bonds, securities, and property, if return of the same can not be had, so unlawfully appropriated and diverted."

SEC. 3. That the sum of — dollars, or so much thereof as may be required, is hereby appropriated, out of any money in the Treasury of the United States not otherwise appropriated, to carry out the provisions of this act.

The Late Hon. Charles O'Neill.

REMARKS

OF

HON. THOMAS J. HENDERSON,

OF ILLINOIS.

IN THE HOUSE OF REPRESENTATIVES,

Saturday, March 31, 1894.

The House having under consideration the resolutions paying tribute to the memory of Hon. Charles O'Neill, late a Representative from the State of Pennsylvania—

Mr. HENDERSON of Illinois said:

Mr. SPEAKER: My acquaintance with the late Hon. Charles O'Neill, of Pennsylvania, began at the meeting of the first session of the Forty-fourth Congress. He was at that time an old member of the House, having served as such for ten years. There were but few members, as I remember, who had served longer than he had. Charles O'Neill was then in the vigor and prime of life, and was one of the most faithful, painstaking, laborious members I have ever known since in all my twenty years' service as a member of the House of Representatives.

Mr. Speaker, he was more uniformly in his seat in the House than almost any member I have ever known, and he was always at work for his constituents and in the discharge of his public duties when the House was in session. I do not think, Mr. Speaker, that Charles O'Neill was indifferent in any manner to the general welfare of his country. I think he was proud of the whole country, and wanted to see every part of it prosper, yet he was devoted to his immediate constituents—to his own district and State—to a degree that I have never seen equaled by any other member of any of the Congresses in which I have served.

His correspondence with the people of his district and city and State was an extensive and burdensome one; and yet he bore the burden with a patient, untiring industry. He wrote at his desk from the meeting of the House until the hour of adjournment, unless some other duties demanded his attention, and he took pride, as he once told me, in answering all his letters on the day they were received. I felt that such constant labor as he performed was telling upon his physical strength, and expected him to break down sooner than he did. Our relations were always intimate and pleasant, and I sometimes remonstrated with him for such unremitting labor; but it was unavailing, and when this, the Fifty-third, Congress, met in extraordinary session, in August, 1893, it was painful to witness the wonderful change which had taken place in him in a few months. It was manifest that the end was near.

Mr. Speaker, I can not well repress a feeling of sadness to-day when I think of the many able and distinguished members of the Forty-fourth Congress, with whom I had the honor of serving, who have since departed this life and are now over on the "other shore." Garfield, Blaine, Wheeler, Kelley, Kerr, Randall, Hill, Lamar, and many others, distinguished for great ability and for their long and eminent public service, have gone to

The undiscovered country, from whose bourn
No traveler returns.

And now our departed friend, Charles O'Neill, the kind and courteous gentleman, the faithful friend, and the able, watchful, vigilant Representative and legislator, has followed them to that better land, where I trust he, and all of us who shall follow him, may find rest and peace and joy forever.

Mr. Speaker, others have spoken at length of the life and character and of the public services of him to whose memory we pay tribute to-day; and I can add but little to what has been so well and so eloquently said by them. But I can not permit the opportunity given me to pass without expressing the very high regard which I entertained for our departed friend, and the deep sorrow which I felt when I heard of his decease.

Mr. Speaker, the life of Charles O'Neill was full of good deeds. He worked with a wonderful energy and industry for the people of his district and State. It has been my pleasure to notice in many ways and on many occasions during our long service here how devoted and earnest he was in his efforts to promote the commercial interests of Philadelphia and, I may say, of Pennsylvania. While he was liberal and generous in the support of all public measures intended to benefit and promote the prosperity of the entire country, still whatever was proposed to advance the interests of his own city and State aroused and excited every effort which he was able to put forth for its accomplishment.

In the Forty-sixth Congress he and I served on the Committee on Commerce, a committee in which the city of Philadelphia had a great interest, and it was then that I learned to know Charles O'Neill more fully for his real worth as a representative of his constituents and as a man. And afterwards, serving as I did upon a committee for many years which had before it for consideration from year to year matters of deep interest to his district and to the city of Philadelphia, I had an opportunity of knowing how untiring he was in looking after their interests. That he was ever watchful and vigilant, and served his constituents and his country with unswerving fidelity and with industry, energy, and ability no one familiar with his service will question.

Remembering, as I do, his kindly nature, his dignified and gentle deportment, his faithful friendship, and his long, able, and patriotic public service as a Representative in this body, I offer with a feeling of inexpressible sadness this tribute to the memory of Charles O'Neill, who was always a kind friend and a faithful public servant.

Not a Billion-Dollar Congress—Appropriations Reduced.

Under those of the Fifty-first Congress.....	\$45,341,418.90
Under those of the Fifty-second Congress.....	36,765,856.88

REMARKS

OF

HON. A. M. DOCKERY,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Monday, March 4, 1895.

The House having under consideration the subject of appropriations—

Mr. DOCKERY said:

Mr. SPEAKER: It is not my purpose to enter upon an elaborate discussion of the fiscal situation, but rather to succinctly review its more important features. The surplus in the Treasury, including the gold reserve, at the close of Mr. Cleveland's first Administration, March 1, 1889, upon the present basis of stating the Treasury account, amounted to \$183,827,190.29, and in addition thereto there was an available balance of \$47,905,423.30 deposited to the credit of disbursing officers for the payment of current liabilities.

The Administration of Mr. Harrison covered the period from March 4, 1889, to March 4, 1893, during which time the Republican party, in addition to the ordinary Treasury receipts, covered into the general Treasury to meet current obligations \$54,207,095.75 of trust funds belonging to the holders of national bank notes. The Republican Administration also, as the result of the legislation of the Fifty-first Congress and the profligate appropriations of that body, was coerced into an extension of \$25,364,500 of 4 per cent bonds, which matured September 1, 1891, and also defaulted in the requirements of the sinking fund to the extent of \$52,201,687.86.

The receipts of the Government during the Harrison Administration were \$157,235,240.86 in excess of the receipts of the Government during Mr. Cleveland's first Administration; while the expenditures of Mr. Harrison's Administration, including all bonds purchased and premiums paid, were greater than the expenditures under Mr. Cleveland by \$240,301,786.77. More bonds were purchased under Cleveland than under Harrison—Cleveland having purchased \$838,074,850, Harrison \$259,093,650.

This, Mr. Speaker, in brief, is a summary of the salient fiscal features of the Harrison Administration. It is not, therefore, a matter of surprise that when Mr. Cleveland began his second term he should find a depleted Treasury.

When the Democratic party regained control of the Government on the 4th of March, 1893, it found that the surplus had practically

vanished, notwithstanding the default in the sinking fund, the extension of the bonded indebtedness, and the covering into the Treasury of the national bank redemption fund. The Treasury was without adequate income to meet the lavish demands entailed by the legislation and appropriations of the Fifty-first Congress. The so-called surplus in excess of the gold reserve consisted, in large part, of subsidiary and minor coin, unavailable for the payment of current expenses, and, including the gold reserve, was but \$124,128,087.88, the disbursing officer's balance available for the payment of current liabilities having dwindled to the meager sum of \$23,515,033.70.

This untoward Treasury situation at the beginning of this Administration has been intensified by unfavorable business conditions which had their origin in the autumn of 1890 after the failure of the Baring Brothers. The industrial paralysis which began then has since enlarged its scope, until it now substantially encircles the globe.

The income of the Government, including postal receipts, for the fiscal year ending June 30, 1894, was but \$372,802,498.29, while its actual expenditures, including postal, amounted to \$442,605,758.87, thus leaving a deficiency of \$69,803,260.58. This deficiency in revenue subsequent to July 1, 1894, and prior to the beginning of this session of Congress, continued at the rate of about \$4,000,000 monthly. Not only this, Mr. Speaker, but the demands upon the Treasury became so urgent that the Administration issued \$100,000,000 of Government bonds to restore the gold reserve and meet maturing obligations. This, Mr. Speaker, was the unfavorable financial situation confronting the Fifty-third Congress at the beginning of this session. The necessity for economy was therefore obvious.

When discussing the condition of our national finances on this floor March 3, 1893, I challenged the attention of the House to the fact that the chasm between income and liabilities was constantly widening, and suggested that the proper remedy was to be found in a speedy and substantial reduction in the aggregate of national expenditures. I said then that unless this policy obtained there must be an increase of the interest-bearing bonded debt or a heavy increase in the burden of taxation. I am opposed to the issue of Government bonds. The Democratic party is opposed to an increase of the interest-bearing debt so long as it is possible to escape it; and this House has endeavored to avoid the necessity of a bond issue by reducing expenditures. It has not accomplished all that was possible to be done, but in the presence of the official figures this Congress is fairly entitled to the commendation of the people.

It is unfortunately true, Mr. Speaker, that the taxpayers have been burdened with an appropriation of \$5,238,000 for the benefit of the sugar producers; but with the exception of this unwarranted gratuity, and a few others which aggregate but a small amount, this Congress, so far as practicable under existing laws, has reduced appropriations to the necessities of an efficient, economical administration. We have substantially reached the limit of reduction except by repealing statutes authorizing expenditures.

COMPARISON OF APPROPRIATIONS.

I append to my remarks an official table showing the appropriations made by the Fifty-first, Fifty-second, and Fifty-third Congresses, which include the fiscal years from 1891 to 1896. The table shows that the appropriations of the Fifty-first Congress were \$1,035,680,109.94; of the Fifty-second Congress, \$1,027,104,547.92; and the appropriations of the present Congress, \$990,338,691.04. In other words, this Congress has reduced the appropriations under those of the Fifty-first Congress \$45,341,418.90, and below those of the last Congress, \$36,765,856.88. The memorable Forty-fourth Congress reduced appropriations \$30,000,000 and received the plaudits of the people. This Congress makes ample provision for every branch of the public service and reduces the burdens of taxation \$36,765,856.88.

It may be well at this point to notice the statement persisted in by the Republican minority, that the appropriations of the Fifty-first Congress, commonly known as the Reed Congress, were but \$988,417,183.34. It is true that the "specific" appropriations of that Congress amounted to this sum. But it is also true that the specific and indefinite appropriations together exceeded the billion by more than \$35,000,000.

A "specific" appropriation is an appropriation which states on its face the exact amount authorized to be paid. An "indefinite" appropriation is an appropriation which, in the language of the law, authorizes the payment by the Treasury of "so much as may be necessary." The "indefinite" appropriations of the Fifty-first Congress amounted to \$47,262,926.60; \$2,340,247.90 being for back pay and bounty claims, \$15,227,000 for the refund of direct taxes to the States, and \$29,695,678.70 for the redemption of national bank notes, repayments to importers, and various other minor items, fully stated in Note E of the table which I will submit at the conclusion of my remarks.

Mr. Speaker, I assert that the Republican minority have not included these items in their comparative statement of appropri-

tions. I challenge a denial of the accuracy of this statement. That is to say, I assert that these items of appropriations, aggregating \$47,362,926.60, have been omitted in the estimate of the minority and do not enter into the total of \$988,417,183.34, submitted by them as embracing the total of appropriations of the Fifty-first Congress. A reference to the laws of the Fifty-first Congress will substantiate in every particular the truth of this statement. It was the obvious intention of the Fifty-first Congress to make these appropriations in an "indefinite" form, so as to mislead the people; but, sir, no juggling with figures can change the rugged fact that the stupendous total of appropriations of that Congress amounted to \$1,035,680,109.94.

It is also proper to add that the Fifty-first Congress not only made these enormous appropriations, but entailed obligations on its successors by reason of continuing contracts for rivers and harbors, fortifications, war ships, and public buildings amounting to \$49,641,779. Indeed, sir, this Congress has provided in its appropriations \$43,641,611.30 to meet the requirements of contracts authorized by laws passed during that Congress and the Fifty-second Congress.

The liabilities we impose upon future Congresses amount to but \$21,690,764. These continuing obligations are largely on account of new ships, public buildings, fortification defenses, and other public works, and are to be provided for by the next or succeeding Congresses, for the reason that the money will not be required during the coming fiscal year. In other words, this Congress has not evaded any obligation that should be met during the ensuing fiscal year; neither have inadequate amounts been appropriated with the view of meeting the liabilities by deficiency appropriations in the future.

Mr. Speaker, the appropriations of this Congress are \$16,434,490.49 less than the estimates submitted by the Departments, and \$8,090,909.03 more than as they passed the House. The bills were increased by the Senate \$19,170,136.04, of which amount the House, in order to reach an agreement before the close of the session, was compelled to yield to the Senate \$8,090,909.03.

In conclusion, Mr. Speaker, I desire to invite especial attention

to the fact that for the first time in a long series of years the regular annual appropriations which come within the supervision of Congress are smaller at the concluding session than at the first regular session. In all other Congresses for many years past, notably the Fifty-first Congress, the larger expenditures have been reserved for the last session, whereas the appropriations of the present Congress were larger at the first regular session than they are at this session. In other words, appropriations have heretofore been smaller at the sessions preceding the Congressional elections than after the elections, while at the present Congress the appropriations were larger before, than after, the election.

Moreover, Mr. Speaker, let me say that, whatever may be the judgment of the people in respect to the failure of this Congress to enact into law some measure of currency reform, it will not be denied by fair-minded citizens that this Congress has reduced the appropriations of the Government in a greater amount than any Congress since the late civil war.

In this connection it is but just to say that no member of either branch of Congress has contributed more to this auspicious result than Governor SAYERS, the accomplished chairman of the House Committee on Appropriations.

During the last ten days of the session, when the appropriation bills were being loaded down in the Senate with old, stale, musty claims, appeals were made to the House to be true to the record of the party and reject these extraordinary demands upon the Treasury. These appeals were heeded, the claims were disagreed to, and our appropriations have thus been brought below the billion-dollar limit.

I can truthfully close by saying that the expenditures of administration have been enormously reduced; no new taxes have been levied, except to equalize taxation by laying its burdens upon the rich as well as the poor, while every description of undue appropriation of public money, with the exceptions noted, has been prevented. The business methods of the Government have been greatly simplified. These results have been achieved by the House, and in this respect we have fully met the demands of the people.

TABLE B.—Appropriations made by the Fifty-first, Fifty-second, and Fifty-third Congresses, fiscal years 1891 to 1896, inclusive.

Title.	Fifty-first Congress.		Fifty-second Congress.		Fifty-third Congress.	
	First session, 1891.	Second session, 1892.	First session, 1893.	Second session, 1894.	Extra and first regular sessions, 1895.	Third session, 1896.
Agriculture.....	\$1,799,100.00	\$3,028,153.50	\$3,232,905.50	\$3,323,500.00	\$3,223,622.06	\$3,303,750.00
Army.....	24,296,471.79	24,613,529.19	24,308,490.82	24,225,639.73	23,592,884.66	23,232,608.09
Diplomatic and consular.....	1,710,815.00	1,656,925.00	1,694,045.00	1,557,445.00	1,563,918.70	1,573,073.94
District of Columbia.....	5,769,544.15	5,597,125.17	5,317,973.27	5,413,223.91	5,545,678.57	5,745,643.25
Fortifications.....	4,232,935.00	3,774,803.00	2,734,276.00	2,210,055.00	2,427,004.00	1,904,557.50
Indian.....	7,202,016.02	16,386,284.86	7,664,047.84	7,854,240.38	10,659,595.16	8,973,948.01
Legislative, etc.....	21,000,732.75	22,027,074.73	21,900,132.97	21,865,802.81	21,305,593.29	21,893,222.43
Military Academy.....	435,296.11	402,064.04	428,917.33	482,536.12	406,535.08	464,261.66
Navy.....	24,136,005.53	31,541,654.73	23,543,385.00	22,104,081.38	25,327,129.72	29,716,077.31
Pension, including deficiencies a.....	123,779,368.35	164,550,363.94	154,411,682.00	180,681,074.85	151,591,570.00	141,381,570.00
Post-Office.....	72,236,698.90	77,907,222.61	80,331,276.73	84,004,314.22	87,236,599.55	89,545,997.86
River and harbor.....	25,136,295.00		21,154,218.00		11,643,180.00	
Sundry civil.....	631,100,341.38	c 38,388,552.72	27,065,076.93	41,716,311.15	34,253,775.55	47,138,360.40
Deficiencies, except for pensions.....	19,265,541.61	9,364,148.62	8,230,869.50	8,127,361.51	11,811,004.06	9,738,979.19
Total.....	306,121,211.68	390,238,522.19	382,527,365.39	463,515,586.11	380,578,048.48	384,634,049.69
Miscellaneous.....	7,010,905.27	d 19,498,931.10	3,208,922.82	530,409.18	577,956.55	400,000.00
Total regular annual appropriations.....	363,132,116.95	418,737,053.29	385,736,308.71	464,046,065.29	381,156,005.03	385,034,049.69
Permanent annual appropriations.....	e 131,324,181.70	e 122,486,808.00	e 121,893,890.00	e 115,468,273.92	e 101,074,680.00	113,073,966.32
Total.....	494,456,298.65	541,223,861.29	507,630,198.71	579,514,339.21	482,230,685.03	498,108,016.01
Total Fifty-first, Fifty-second, and Fifty-third Congresses.....	1,035,680,109.94		1,027,104,547.92		990,338,691.01	

a Deficiencies included as follows: 1891, on account of 1890, \$25,321,907.25; 1892, on account of 1891, \$29,335,598.34; 1893, on account of 1892, \$7,674,332; 1894, on account of 1893, \$14,149,724.85.

b This amount includes \$1,362,059.16 actual expenditures under indefinite appropriations for pay and bounty claims.

c This amount includes \$978,188.74 actual expenditures under indefinite appropriations for pay and bounty claims.

d This amount includes \$15,227,000 for refund of direct taxes in addition to the specific sum of \$500,000 appropriated for that purpose.

e This is the amount originally submitted to Congress by the Secretary of the Treasury as estimated to be necessary under permanent specific and permanent indefinite appropriations, except that to the amount thus submitted for 1891, \$101,628,453, there are added expenditures under permanent appropriations made by the Fifty-first Congress subsequent to said estimate, as follows: Salaries diplomatic and consular service, \$27,756.70; redemption national bank notes, \$23,533,298.50; expenses of Treasury notes, \$218,362.60; coinage of silver bullion, \$210,893.14; rebate tobacco tax, \$770,082.50, and repayments to importers and for debentures and drawbacks, customs service, \$4,915,285.28; in all, \$29,695,678.70.

APPENDIX.

A REVIEW OF THE WORK DONE BY THE JOINT COMMISSION.—REORGANIZATION OF THE ACCOUNTING SYSTEM AND BUSINESS METHODS IN THE EXECUTIVE DEPARTMENTS.

Mr. DOCKERY, chairman of the Joint Commission of Congress to Inquire into the Status of Laws Organizing the Executive Departments, submitted the following report:

CREATION OF THE COMMISSION.

The Commission was created by the act of Congress approved March 3, 1893, and organized by the appointment of Messrs. ALEXANDER M. DOCKERY of Missouri, JAMES D. RICHARDSON, of Tennessee, and NELSON DINGLEY, JR., of Maine, on the part of the House, of which Mr. DOCKERY was chairman; and Messrs. FRANCIS M. COCKRELL, of Missouri, JAMES K. JONES, of Arkansas, and SHELBY M. CULLOM, of Illinois, on the part of the Senate, of which Mr. COCKRELL was chairman, Mr. DOCKERY being chairman of the Joint Commission.

Messrs. James C. Courts and Thomas P. Cleaves, clerks of the House and

Senate Committees on Appropriations, respectively, were appointed clerks of the Commission.

On May 24, 1893, the following experts were appointed: Messrs. J. W. Reinhart, C. W. Haslins, and E. W. Sells. The active work of the experts began June 6, 1893, with an investigation of the methods of accounting in the Treasury Department. Expert J. W. Reinhart served in a supervisory capacity until the date of his resignation, August 18, 1894. Messrs. Haslins and Sells continued without interruption until the close of the Fifty-third Congress, March 4, 1895.

The total expenses of the Commission were \$41,264.03.

The members of the Commission were called to Washington during the vacation of Congress on the business of the Commission, and although authorized to charge for their traveling and other expenses, no member of it has presented a bill for or been reimbursed any expense incurred.

As is shown by the foregoing exhibit, it appears that the entire cost of the Commission aggregates \$41,264.03, while the actual annual reductions in the Government expenditures as a result of the work of the Commission amount to \$907,591. This reduction is not for the time being only, but will continue

through each of the coming years. The Commission, however, feel that the expedition of public business and added security to the Government in its methods of accounting under the new systems inaugurated would have fully justified its existence, even if there had been no diminution of expenditures.

WHAT THE COMMISSION HAS ACCOMPLISHED.

Compilation of laws.

The first work of the Commission was the preparation, for the use and information of Congress, by the clerks of the Commission of a compilation of references to laws creating the Executive Departments and the several bureaus and offices thereof and other Government establishments at the national capital. This compilation of the laws relating to the Executive Departments is the first work of this character since the organization of the Government, and has proved not only invaluable in prosecuting the work of the commission, but will be found useful to the committees of Congress for all time.

Census of the Departments.

The Commission then submitted for the information of Congress statements from the several Executive Departments and other Government establishments at the national capital, prepared by the heads thereof, pursuant to inquiries addressed to them by the Commission under date of May 24, 1893.

A general summary of this report discloses the fact that the Executive Departments and other establishments at the national capital are divided into 136 offices or bureaus and 498 divisions; that there are 17,599 persons employed therein, 11,067 males and 5,537 females; that of the number employed in the eight Executive Departments, the Department of Labor, Civil Service Commission, and Fish Commission, which are under the civil-service law, 8,057 are in the class subject to competitive civil-service examination preliminary to appointment, and 3,205 of that number entered the service after such examination; the residue, 4,394, were employed in the Departments at the time they were classified and placed under the civil-service law by Executive order; that the ages of those employed, stated in multiples of five years, range from 20 years to 90 years, and the length of service of all employees ranges from one year to sixty years each; and that of the whole number employed 5,610 have from one to nine relatives each in the Government service at Washington.

Enrollment of bills.

The Commission next reported a concurrent resolution which provided for the engrossing and enrolling of bills by printing.

This legislation received the approval of both Houses of Congress, and by the legislative, executive, and judicial bill which has just become a law the system was made permanent. Its value from the standpoint of both accuracy and economy is illustrated by the fact that not a single error has occurred under the system up to this moment, and the saving to the Government may be indicated by the following extract from a letter of Acting Secretary Hamlin, dated January 28, 1895, which shows the loss to the Government under the old system in the enrollment of one bill only:

"I venture to suggest that your inquiry relates to an apparent error in regard to 'fruit-plants' occurring in the free list of the act of June 6, 1872, which, as signed, provided for 'fruit, plants, tropical and semitropical, for the purposes of propagation or cultivation.' The intention of Congress was evidently to put 'fruit-plants' on the free list, and not fruit, as appears by the text of the bill which was passed. In engrossing the bill, however, for the President's signature, a comma was placed between the words 'fruit' and 'plants,' thus making the text 'fruit, plants,' instead of 'fruit-plants,' as was intended. In consequence of this error refunds were made to the amount of about a half million dollars, and an act was subsequently passed correcting the error."

Purchase of supplies.

The commission next reported a bill which established a board to fix uniform rates for inviting proposals for fuel, ice, carpets, stationery, and other miscellaneous supplies for the Executive Departments and other offices in Washington.

This bill is now a law.

Treasurer's report.

The next bill reported by the Commission was a bill to repeal section 311 of the Revised Statutes, which required the Treasurer of the United States to make a certain report to Congress.

The bill is now a law.

Certificates of deposits by postmasters.

The Commission next reported a bill to amend section 407 of the Revised Statutes. The object of the bill was to require the Government depositories to send duplicate certificates of deposits by the postmasters direct to the Auditor for the Post-Office Department, thus expediting the settlement of postmasters' accounts about one month.

This bill is now a law.

Methods of accounting in the Post-Office Department.

The Commission then reported a bill "to improve the methods of accounting in the Post-Office Department." This act abolished the postal note. The advisability of this was generally conceded, inasmuch as the postal note afforded no security, and if lost no duplicate was allowed by law.

This law revised the money-order system and reduced the schedule of fees so as to meet the rates charged by the express companies.

The act also provided for an ingenious coupon, which, when detached from the order, designates the amount for which it was drawn. It also provided that the coupon shall be forwarded to the Auditor's Office with the postmaster's report of money orders sold. This device enables the accounting office to settle the money-order accounts of postmasters without waiting until all the money orders sold are received by the Department, as had been the practice under the former system.

This important measure had the approval of the Postmaster-General, and took effect on and after the 1st of July, 1894.

Evidence of the successful operation of the changes made by this legislation is set out in the following extract from the letter of the honorable the Postmaster-General, dated February 11, 1895:

"The changes recommended, which were carried out by departmental regulation and by the act of January 27, 1894, were more nearly related to the office of the Auditor for the Post-Office Department than to this Department proper, but I take pleasure in testifying to the value of the changes so far as this Department is concerned, and the increased facility afforded the Auditor benefits this Department by bringing about a more expeditious settlement of postmasters' accounts and resulting in a closer check being kept upon them. The new form of money order is being handled successfully in the Auditor's office; no friction whatever has followed its introduction."

Property returns.

The next bill reported by the Commission was a bill "to regulate the making of property returns by officers of the Government."

Under the existing laws it had been the practice to pass what is known as "property returns" to the accounting officers of the Treasury for audit. This audit could not accomplish any useful purpose, for the reason that the auditing officers were compelled to accept the returns of the administrative departments.

This bill is a law.

Destruction of old money orders.

An act approved July 10, 1894, authorized the Secretary of the Treasury and the Postmaster-General to destroy all money orders and postal notes more than ten years old and all papers relating thereto. The result of this legislation has been to dispose of several hundred tons of paid money orders and postal notes which, by their sale as waste paper, yielded to the Treasury \$1,655.90, and there will also be saved to the Government a large sum of money annually for rent of buildings to store this worthless paper.

Warrants and drafts.

The act reorganizing the accounting system of the Treasury Department, approved July 31, 1894, had a provision that admitted of consolidating the draft and the warrant into one piece of paper in the office of the Secretary of the Treasury, obviating the necessity for copying from the warrant after it reached the office of the Treasurer on to another piece of paper the draft, the essential information that was contained in the warrant. The plan is working admirably and saves time not only in the office of the Secretary of the Treasury in the Division of Bookkeeping and Warrants, but in the Treasurer's office also.

Reports of purchases of military supplies.

As recommended by the Commission, section 229 of the Revised Statutes was repealed. This section required reports of purchases of supplies by the Quartermaster's and Commissary General's Departments to be made annually to Congress. The reports were never referred to, and any information they would contain can be obtained from these Departments.

Statistics of international money orders.

The report upon this subject was adopted whereby the Auditor for the Post-Office Department dispensed with a very considerable amount of statistics relating to the volume of money-order business between States of the United States and foreign countries, statistics which did not seem to have any value, going much further into the analysis of the international money-order business than was the case with reference to the domestic money-order business.

General Land Office.

This report provided for the consolidation of certain divisions of the General Land Office and the preparation of patents in the office of the recorder as now required by the statutes. These two matters can be accomplished by departmental regulation. A bill approved March 2, 1895, permits the preparation of patents in the Land Office by the use of typewriting machines, and dispenses with certain of the principal clerks of the Land Office who heretofore have been appointed by the President, making the several heads of the divisions, except the recorder, to be appointed by the head of the Department. It also provides for the consolidation of abstracts from registers and receivers, so that an immense amount of labor will be saved in the local land offices and in the General Land Office on these very voluminous abstracts; and it provides for discontinuing the printed reports made by the board of equitable adjudication of the land cases acted upon.

The work of the General Land Office is considerably in arrears, and as the introduction of the new plan of preparing patents will have to be done gradually, it is not expedient to reduce the staff of this office now; but within another year the saving claimed by this report, estimated at \$20,000 additional, can, if the recommendations are put into effect, be made.

Customs service.

In a part of this report it was recommended that the original papers be sent to the Auditor for the Treasury Department, and that masters of vessels mail a copy of the manifest direct to the Department, so that a check can be made upon the disposition of all importations, and a similar arrangement for consignments coming into the country by rail under consular seal. At ports where there are no naval officers there is now absolutely no check upon the collectors except their integrity and official bonds. This requirement puts a check upon the collector and will operate to prevent fraud in the collection of the customs revenue.

Bonds of Government officials.

In accordance with a recommendation of the Commission, a law was passed requiring that all official bonds be examined at least once every two years as to the amount and sufficiency of the sureties thereon; that they be renewed every four years, or renewed and strengthened as much oftener as may be deemed necessary; and that all such bonds shall remain in force until the appointment and qualification of a successor.

It is impossible, of course, to estimate what will be saved to the Government under this provision, but it will undoubtedly protect the Government to a very large degree. The loss on bad debts on suits that have been determined so far have averaged about \$68,000 a year.

Names of employees in Departments.

Upon the recommendation of the Commission section 194 of the Revised Statutes was repealed.

Compliance with the law required a great deal of clerical labor, which can now be otherwise much more profitably engaged.

The printing of the documents, when ordered by Congress, amounted to no inconsiderable expense, and if all were printed as they are submitted the cost would amount to many thousands of dollars each year.

Condition of business in the Departments.

The Commission made a careful inquiry as to the condition of business in the several Departments of the Government at Washington. The result of the inquiry, embodied in the reports of the Commission, is gratifying in the extreme. Of the 8 Executive Departments and 12 other Government establishments at the national capital, embracing 135 bureaus and 498 divisions, it is shown that the public business is in arrears in but 63 of the divisions. With but little effort it is believed that this arrearage could be brought up with the existing force, and thus have public business current in every Department of the Government.

In the report there is an estimate of the force required in the Land Office for reproducing the press-copy letter books, and should the plan recommended by the Commission be adopted it would cost \$25,800 less than the amount estimated for by the General Land Office.

Purchases of coal and wood.

As recommended by the Commission, section 3711 of the Revised Statutes was so amended as to prohibit the future payment of fees of 20 cents per ton for coal and 9 cents per cord for wood to persons designated to inspect the coal and wood purchased for the use of the Government, and requiring, except as to the Navy Department, that the inspection shall be done in the future by persons already in public employment and without additional compensation.

Books, stationery, rent, etc.

It is estimated that the recommendations of the Commission which have been adopted will incidentally effect an annual saving to the Government of at least \$50,000 on account of books, stationery, furniture, and printing in the offices of the Commissioner of Customs, Second Comptroller, First Comptroller, Register of the Treasury, and others affected, and for which no estimate heretofore has been made; and for the rent of rooms occupied by the Treasury outside of the Treasury building proper which may be vacated, and

the rooms vacated by reason of the abolition of the offices within the Treasury building utilized in their stead.

Accounting system of the Government.

The new accounting system adopted is by far the most important matter disposed of by the Commission, and the most fruitful of results. It was the result of months of careful and diligent study. The change from the old system to the new, while involving some very important and extensive changes, was accomplished with very little friction and is now in practical working order. The old system was laborious, and the business became congested. Under the new system the accounts of disbursing officers are promptly audited and balances found.

The Commission confidently believe that a large saving to the Government will be effected by reason of the administrative examination now given the accounts of marshals and other United States court officials by the Department of Justice, for during the brief period of the existence of the new system the Department of Justice has been enabled to exercise administrative oversight and discipline which promises to save the Government a very large sum each year; and there is reason to expect under the operation of the system, with the close scrutiny that will result in the administrative oversight consequent upon the audit by the Department, many reforms of long existing abuses of the fee system that will save to the Government hundreds of thousands of dollars each year.

The following extracts from letters of the Secretary of the Treasury, the accounting officers of the Treasury, and the Attorney-General bear directly upon the efficient and successful operation of the new accounting law:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY, Washington, D. C., February 27, 1895.

SIR: In compliance with your verbal request I transmit herewith copies of letters received from the accounting officers of the Treasury Department in regard to the practicability of the methods of conducting the business therein inaugurated October 1, 1894.

The reports of these officers show the system to be working satisfactorily, and I may add that from the limited observation I have been able to give the matter, I am of the opinion that the operation of the system has served to greatly expedite the business of the Government without the sacrifice of accuracy or the removal of safeguards for the protection of public interests.

Respectfully, yours,

J. G. CARLISLE, Secretary.

Hon. A. M. DOCKERY,
Chairman Joint Commission.

Auditor for Treasury Department.

"Any system devised for the transaction of the public business and the settlement of public accounts in the office of the Auditor for the Treasury Department (or any office) should, in my opinion, insure: First, accuracy; second, safety; third, dispatch. Possessing perfect familiarity with both the old and the new system of auditing public accounts, I unhesitatingly say that the new system is a great improvement upon the old.

"It is fully as accurate, and has safeguards against error that are as effective as any that existed in the system abolished. It is not only as safe as was the old system, but in some cases safer.

"The time saved in the dispatch of public business is the greatest merit of the new system, and if it were even more expensive than the old (which it is not) the fact that the public business in this office is disposed of in one half the time formerly required would justify the increased expenditure.

"I am not only fully satisfied that the new system will prove more efficient and satisfactory than the old, but know that under it many things that are necessary to the full and complete adjustment and settlement of public accounts are done that were not done under the old system."

Auditor for the War Department.

"In compliance with your request of the 15th instant for a report as to the merit and practicability of the new system of transacting the official business assigned to this Bureau, as set forth in the act of July 31, 1894, I have the honor to state that the new method has greatly facilitated and expedited almost every branch of work affected thereby, and appears to be safe, businesslike, and economical."

Auditor for the Interior Department.

"The new system possesses the advantage of working at short range. The prompt transmission of accounts by disbursing officers and the prompt action by the administrative office, which is required under the new system, render it much easier to settle accounts than under the old system.

"The concentration of responsibility under the new system is another very important feature that is producing good results. The many inquiries that are now made by clerks into the law, and the apparently careful manner in which they investigate every new question, would seem to show that they feel that "my investigation of this is final and I must be sure of my ground."

"From my standpoint the new system possesses the benefit of promptness, economy, and safety, is less cumbersome, and more easily understood. It is modern and in harmony with the spirit of the age."

Auditor for the Navy Department.

"Replying to your letter of the 15th instant, requesting me to furnish you with my opinion as to the merit and practicability of the new system of transacting the public business assigned to the office of the Auditor for the Navy Department, I have the honor to inform you that in my opinion the new system of accounting is working satisfactorily, that the interests of the Government appear to be fully protected, and there is no delay in the settlement of accounts nor in the transaction of public business coming before this Bureau."

Auditor for the State and other Departments.

"In response to your request I beg leave to say that, from my observation and experience, I am strongly of the opinion that the new system is an improvement on the old."

Auditor for the Post-Office Department.

"These changes have been favorable to the dispatch of business, and, while they are radical, they have been put in operation without friction.

"The general effect of the change of system as it relates to auditing the accounts of postmasters is beneficial.

"There is no loss of any check material to accurate auditing. I believe that we shall begin the coming fiscal year with this office in good condition."

Comptroller of the Treasury.

"I have every reason to believe, therefore, that time will show the merit and practicability of the new system of transacting the official business assigned to the office of the Comptroller of the Treasury, and justify fully the changes made in the accounting system of the Government."

Chief Division of Bookkeeping and Warrants.

"The concentration in one office of this class of work necessarily brings it under closer and more effective supervision, and is found in all respects well adapted to the new requirements of the service.

"So far as the general operations of the new accounting system have come to my notice (and I may add parenthetically that a large proportion of the work of the auditing offices passes through my hands) I may say that it has so far worked satisfactorily. It has brought about a more prompt and regular rendition and settlement of accounts than existed under the old system, and without the abandonment of any safeguard deemed necessary for the protection of the public interests. The practicability of the system is beyond question, so far as anyone may predict from the experience gained during the period in which it has been in operation."

DEPARTMENT OF JUSTICE, Washington, D. C., January 26, 1895.

SIR: I have the honor to acknowledge yours of the 24th instant, inquiring what opinion I have formed respecting the operation of section 13 of the act of July 1, 1894, requiring an administrative examination of accounts and expenditures by this Department before transmission of the accounts to the Treasury Department.

In my judgment the act works well, and will continue to do so for these, among other, reasons:

In the first place, an examination of accounts by this Department, by which many of the items of expenditure have been authorized before being actually incurred, is necessarily more intelligent and more likely to be correct in its results than an examination by the officials of another Department.

In the second place, there is no doubt that one beneficial effect of the statute is to prevent a good deal of unnecessary, irritating, as well as expensive, friction between the two Departments of Justice and the Treasury.

Respectfully, yours,

RICHARD OLNEY,
Attorney-General.

Hon. ALEXANDER M. DOCKERY, M. C.,
Chairman Joint Commission.

Statement of Hon. Charles S. Hamlin, Assistant Secretary of the Treasury.

"The new system of accounting in the Treasury Department is now working smoothly. It has been a matter of great surprise and satisfaction to those interested that such radical changes could be made with so little friction and trouble. Many advantages of the new system have developed since it went into operation, particularly as to the accounts of disbursing officers. The new system does not allow advances to be made to disbursing officers until their former accounts have been rendered and the Auditors have full evidence as to the condition of the accounts before the advances are approved. Heretofore advances have been made to disbursing officers simply upon requisitions without any investigation of the accounts in the Treasury Department.

"Under the new system no safeguards of the Treasury have been taken down; on the contrary, the careful supervision and close check upon the disbursing officers of the Government by the Auditors affords the greatest possible check on the expenditures that can be devised."

Recommendations not acted on.

The following are changes recommended by the Joint Commission, or reported to Congress for information, but which, owing to lack of time, have not been enacted into law or have not yet been put into effect by departmental regulations.

Supervising Architect.

A report was made relating to the reorganization of the office of Supervising Architect of the Treasury Department.

Contested land cases.

A report relating to the method of hearing contested land cases appealed from the registers and receivers, and the establishment of a board to hear such cases.

Repeal of the "contest" act of 1890.

The Commission recommended the repeal of section 2 of the act approved May 14, 1890, which provided a bonus to successful contestants in land cases. This act, as the records of the General Land Office indicate, occasioned a very large increase in the contest work, and consequently the number of clerks engaged thereon.

The bill to repeal this section passed the House of Representatives, but failed in the Senate.

Receivers of local land offices.

A report was made which recommended that the duties of the receivers be transferred to the registers and the receivers be constituted inspectors of public lands.

Public surveys.

A report on the system of surveys by the Government, recommending the establishment of a bureau of public surveys by combining the geodetic and topographic part of the United States Coast and Geodetic Survey with the United States Geological Survey and the transfer of the land surveys to this bureau of public surveys, and the consolidation of the hydrographic work of the United States Coast and Geodetic Survey with the Hydrographic Office of the Navy Department. This would make uniform and systematic all the public surveying of the Government.

Solicitor of Internal Revenue.

A report recommending the abolition of the Solicitor of Internal Revenue and the performance of his duties by the Solicitor of the Treasury.

Bonds of Government officials.

A report upon this subject, a part of which, as hereinbefore mentioned, was adopted, contained further recommendations which, if adopted, would admit of having bonds from surety companies more general than is practicable under existing law.

Checking of money orders.

A report recommending the checking of paid money orders whereby the work of checking the reports of orders paid against the reports of orders sold can be dispensed with.

Customs service.

A part of the recommendations contained in the report of the Commission on the customs service, as previously referred to, have been adopted. The portion which has not been acted upon relates to the abolition of the naval officer at all ports and the establishment of a substitute therefor at the port of New York, which officer should be an assistant to the Auditor for the Treasury Department and omit some of the detailed work that is now performed by the naval officer.

Writing and recording letters sent.

A report was made on the manner of keeping a record of letters written in the various Departments, in which the Commission recommended that the hand-written record of letters sent be dispensed with; that they be written upon the typewriter with one or more carbon copies and be press-copied in tissue books, the carbon copy being retained in a convenient place, without handling, for the purpose of binding into volumes, and paged to correspond with the numbers of the pages in press-copy books.

Aggregate estimated annual saving to the Government effected and to be effected if all the measures proposed by the Commission are adopted.

	Clerks.	Salaries.	Miscellaneous.	Total.
Put into effect	251	\$200,610	\$246,981	\$607,591
Proposed but not yet acted on.....	252	236,928	113,000	449,928
Total	503	607,538	359,981	1,057,519

In concluding this final report of the work accomplished by the Joint Commission, it is unnecessary to further speak of its beneficial results, either from the standpoint of economy, accuracy, or expedition. The testimony of the officials in charge of the various Departments, in so far as it relates to the changes which have been put into operation, fully attests their wisdom.

The Commission has been unanimous in all its recommendations, and at no time has its work been hampered by personal interests or vexed by partisan controversies.

ALEX. M. DOCKERY,
JAMES D. RICHARDSON,
NELSON DINGLEY, JR.,

Members on the part of the House of Representatives.

F. M. COCKRELL,
JAMES K. JONES,
S. M. CULLOM,

Members on the part of the Senate.

The Currency.

SPEECH

OF

HON. FRANCIS G. NEWLANDS,

OF NEVADA,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, February 6, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve, and to redeem and retire greenbacks, Treasury notes, and for other purposes—

Mr. NEWLANDS said:

Mr. CHAIRMAN: I am opposed to any financial legislation that does not provide for the enlarged use of silver, for I believe that the evils from which we suffer arise from legislation which has given to gold the monopoly of the exchanges of this country. I know of but one way of defeating the disastrous effects of monopoly, and that is to use something else than the thing monopolized; and I believe, therefore, in starting again in competition with gold its time-honored rival, silver, which throughout the ages, prior to 1873, was distinguished, coequally with gold, as the efficient medium of the exchanges of the world.

We have tried various kinds of remedial legislation within the past two years. We were told that if we would repeal the Sherman Act we would have prosperity. Prices have fallen from 15 to 30 per cent since the repeal of the Sherman Act. We were told if we would pass a reformed-revenue bill we would have prosperity. We have passed the Wilson bill, and yet adversity is with us. If the McKinley Act were in operation to-day it would not stay the decline in prices, for we all know that with a contracting money volume protection itself does not protect. We might raise a wall around this country mountain high and exclude the products of the labor of other countries altogether, giving the products of this country the monopoly of our markets, and yet the pressure within those walls of a contracted currency would steadily press down the prices of domestic products and the values of domestic property.

Now, what do we complain of? We complain of the export of gold. Why is gold being exported? They tell us that the interest on foreign investments in this country is not being reinvested here; that American bonds and stocks held abroad are being sold and turned into coin, and the coin taken from this country. Why is this so? Simply because America is not prosperous, and the money lenders always seek a prosperous country for investment. Prosperity attracts and adversity repels loanable funds. They are withdrawing their gold not because they distrust our financial system but because they can not make money in this country. And the reason that they can not make money is that, by our legislation, we have steadily raised the value of the unit of gold

and steadily lowered the value of each unit of every other kind of property in this country, whether it be the bushel of wheat, the pound of cotton or wool, the acre of land, the mile of railroad, or the square foot of city real estate. We have increased the value of the gold that we owe; we have diminished the value of the products with which we pay foreign debts. Enterprise offers no prospect but disaster, and so effort lags, and our money lies idle in our banks. If we can not employ domestic funds, how can we expect to retain, much less attract, foreign funds?

Now, what is the drain of gold from this country? We have to pay annually more than \$100,000,000 for interest on securities held abroad; \$100,000,000 annually spent for freight on foreign bottoms; \$100,000,000 annually spent abroad by our people who seek pleasure there; and we have perhaps \$100,000,000 more to pay as profits on foreign investments in this country—\$400,000,000 in all. How have we met this demand in times of prosperity? How have we met it in the exchanges of the world in London? By sending our surplus wheat, wool, cotton, and meats abroad for sale. We used to pay a sovereign of debt how? By surrendering 4 bushels of wheat at \$1.25 per bushel? We now pay a sovereign of debt how? By surrendering 8 bushels of wheat at 60 cents per bushel. And so it is with cotton. We used to pay a sovereign of debt by delivering 50 pounds of cotton. We now are compelled to deliver 100 pounds. We have to deliver in the English market, in payment of the interest and principal of our debt, twice as much of wheat, twice as much of wool, twice as much of cotton, twice as much of all our products as we used to, in order to pay a sovereign of English debt. The balance used to be in our favor, and gold flowed in to pay it. Do you wonder that the balance is now against us and that gold flows out?

And why is it that the prices of our staple products have declined? The answer is easy. We have given gold, limited in quantity and in annual production, a monopoly of our exchanges. We have increased the value of foreign gold, we have increased the burden of our debts, and we have diminished by our legislation the value of our staple products with which we paid those debts, and by increasing the chasm between gold and silver we are brought into competition with silver-using countries in the production of our cotton, wheat and wool. The countries which are in competition with us in the production of these staples are countries that are outside of the influence of the gold contraction. They are India, on a silver basis; Russia, on a paper and silver basis, and the Argentine Republic, on a paper basis and hence outside of the gold contraction.

Take competition with India as an illustration. For the past twenty years an ounce of silver would buy in India 1 bushel of wheat, with trifling variations from time to time owing to the scarcity or abundance of supply. The silver rupee buys to-day in India as much of human labor and of the products of human labor as it ever would. When silver was worth \$1.25 per ounce the English importer of wheat or cotton could with his sovereign buy only about 4 ounces of silver. Hence, he could buy in India only 4 bushels of wheat, and consequently we were compelled to surrender only 4 bushels of wheat to pay an English sovereign of debt. The Englishman now buys with his gold sovereign 8 ounces of silver, and with each of these ounces buys a bushel of wheat in India, and so we are now compelled to surrender 8 bushels of wheat in order to pay a sovereign of English debt. And so it is with cotton and wool and all of our staple products.

Restore the use of silver and you restore its value, and to the extent that you restore its value you diminish the purchasing power of the sovereign of gold and increase the debt-paying power of your staple products. What we wish to do is to restore the debt-paying capacity of our cotton, wool, and other products, and the argument and illustration I have used in reference to wheat applies to all the great staple products of this country.

Throughout the gold-standard countries universal depression prevails. It is only in the silver using countries that prosperity is found. Japan, on a silver basis, has conducted a great war without borrowing from foreign countries, and is gradually becoming the manufacturing center of the Orient. Her people are tired of purchasing English manufactured products by turning their silver into gold at a great discount, and are now manufacturing on their own account, and have established a great manufacturing emporium which bids fair to rival Manchester itself.

Mexico is on the up grade. Her leading financial papers advise discontinuance of the purchase from gold-standard countries because of the loss in changing from silver into gold, and the result is that all kinds of manufacturing enterprises are being established which are rapidly making her independent of the two countries she used to rely upon the most—England and the United States. There is not to my knowledge a single railroad in Mexico in the hands of a receiver, and yet in the United States one-quarter of the mileage of the country is in the hands of receivers. Look at the map and mark the railroads which are in the hands of receivers, and you will find that they are mainly the transcon-

tinental lines which were dependent upon the silver-mining regions for their patronage and support, and which have gone down with the suppression of the silver-mining industry, the granger roads which traverse the wheat-growing region and which find that they can not live on 50-cent wheat, and the cotton roads which traverse the cotton-growing section of the South and which can not live on 5-cent cotton. With the depression of these varied products all the enterprises of the country have sympathized. The transportation interests have suffered the most severely, but general trade, commerce, and manufacturing are also suffering greatly because of the depression in the silver-mining regions and the wheat and cotton-growing sections of the country.

The revenues of the country also suffer. The consuming power of the entire nation has been diminished about one-third and the reduced imports to this country occasioned by diminution of our purchasing power, account for the diminished revenue of the Government. All along the line there is but one story of disaster, depression, and distress.

The only property which has not entirely surrendered to the blighting influences of the gold trust is labor, which resists with intelligence, will power, and organization, the general decline in values of all nonsentient property. The bushel of wheat is put up in the auction mart and its value is effected by all depressing influences. But man refuses to allow his labor to be put up at auction. All the various classes of labor have determined upon a certain compensation which each individual shall receive, and though in distress and suffering and almost starvation, conscious of his obligation to his class, each individual refuses to accept less. Yet though in a measure able to maintain the daily or weekly wage they find that owing to the prevailing depression they have less days of employment, and so at the end of the year, though the daily or weekly compensation is maintained, the laboring man finds that he has received in the aggregate from one-third to one-half less than in more prosperous years. Meanwhile both employer and employee are in the deadly grasp of the gold contraction. The employee refuses to recognize the force of the great economic law which is pressing down both, and regards the efforts of his employer to reduce the expenses of his business as a part of the general hostility of capital to labor, and so strikes and lockouts are inaugurated, business is destroyed, commerce suffers, and the entire laboring element, desperate through want and suffering, threaten the destruction of the very social organization which is the only protection of advanced civilization.

Such are the effects of gold monometallism, and we have not yet attained the ultimate reach and finish of its destructive influence.

Gold will continue to be exported from the country as long as our staple products remain at their present prices. The only way in which a debtor country can maintain its gold is to sell its products for such low prices as to hold it. This involves a complete readjustment of the whole labor of the country to the level of India, Russia, the Argentine Republic, etc., and the severe struggles of the past year in Chicago, Brooklyn, and other places manifest the magnitude of the task of readjustment.

The only other way of preventing the drain of gold is to issue bonds. Foreign investors, realizing that the country is not prosperous, that our cotton and wheat fields are declining in value, that our railroads are in the hands of receivers, refuse now to accept any security save a Government bond which has the entire property and the taxing power of the nation behind it. That they are not afraid of our financial system or of our financial legislation is proved by the prices paid for our Government bonds, which, according to the terms stated, are payable in either gold or silver. That they do fear that the country will not continue to prosper is evidenced by their refusal to take the gold bonds of our railroads and other private enterprises.

There is but one way of relieving the Government and the people of their difficulties and that is to restore the value of the ounce of silver and to restore the debt-paying capacity of our staple products. When that is done our transcontinental railroads will go out of the hands of receivers; for our mining industry, which stands at the basis of every other industry of the intermountain region, will be restored; our granger roads will pass out of the hands of receivers, for the value of the bushel of wheat will be raised; our Southern railroads will regain their business, for the value of every pound of cotton will be restored, and domestic manufactures and domestic commerce of all kinds will thrive, for the consuming power of the nation will be restored. The imports of the country will be revived by reason of the increase in our consuming power, and the revenues of the Government will thus be restored. No word can picture the immediate relief which would be given to the Government and to every class of industries and to every class of our people if the value of the ounce of silver in the terms of gold could be immediately increased.

But how can its value be increased? I am asked. I can only answer, by increasing its use. The monetary use of silver consti-

tutes the principal element of its value, and the restoration of that use will restore its value.

But we are told that the monetary use can only be restored by international agreement; that otherwise, if this country attempts the task alone, it will become the dumping ground of silver. While I admit that the most satisfactory form of bimetalism would be that which results from the joint agreement of the most powerful nations of the world, yet I can not admit that this is the only means of restoring the value of silver. America alone can by free coinage restore the link between gold and silver, and even should she drift to a silver basis the result would be most favorable for there are two kinds of bimetalism. One, which consists in the joint use of both metals by all nations of the world; the other, which consists in uniting the gold-using nations of the world into one class and the silver-using nations into another class, and if the two classes are equal to each other in population and power the parity of the metals can be easily maintained. Let America put herself at the head of the silver-using nations of the world, and with her great population, her large area, her power of development, her great capacity to absorb money, she will quickly restore, by the unlimited use of silver, its old value in terms of gold. If even she does not fully restore it, partial restoration will effect great improvements in existing conditions, for just to the extent that the value of the ounce of silver can be increased the value of our staple products and the productiveness of our transportation systems will be increased.

It should be remembered that we shall not be compelled to absorb the accumulated silver of the world that is already in the shape of coin in the various countries. It is in the hands of these people and can not be withdrawn. Besides, the free coinage of silver can easily be limited by law to the current product of the mines, and thus the melting of foreign coin into bullion and its presentation to our mints could be prevented. We would only be compelled to absorb the current production of the mines and we would get only a small portion of that, for China, Japan, Russia, South America, Central America, and Mexico would still continue to absorb a large proportion of the world's product. We could not expect to add to our supply more than a hundred million of ounces annually, which would be equal to about as many dollars.

We would require sixty millions of annual increase to meet the increase of our population and to maintain the present per capita, and should we determine to retire our greenbacks and national bank notes we would require a hundred millions more per annum for a period of five years to accomplish this. But our present per capita is not sufficient. A debtor nation always needs a larger per capita than a creditor nation. England can do business on a less per capita because of her limited area, because her local enterprises are completed, because her population is fixed and is not increasing, and because, above all, whenever her reserves fall below a proper level she can easily call upon her debtors for relief. No nation owes us, whilst we largely owe other nations. It is therefore all important that we have larger reserves of coin to meet unexpected emergencies. The money lender who owes nothing requires no cash reserve. The money borrower who owes money upon call obligations or obligations maturing at different times always requires a cash accumulation to meet demands. The per capita circulation of a nation, therefore, like England or Germany, small in area, fixed in population, and completely built up, furnishes no parallel for a young and growing country, vast in area, rich in natural resources, and only on the threshold of a development which will maintain the largest population of all the countries of the world.

I see no prospect of an international adjustment of this question, particularly if it is to embrace the creditor nations of the world. England owns the accumulated gold of the world and has loaned it out to other nations. She will continue to be satisfied with the financial system which increases the value of her gold and makes other nations subject to her. The only way of making her take hold of bimetalism is through suffering, and she can be made to suffer only through the loss of her securities.

What does that mean? It means that the margin between the debt we owe and the value of the property held as security has vanished and that the property equals in value only the amount of the debt. Are we, the debtors of the world, to endure and suffer bankruptcy in order to teach England a great economic lesson? Are we to default in our interest, surrender our property, and go into bankruptcy in order to teach England that gold monometallism is fatal to the creditor as well as the debtor? Which country will suffer most from this process? The debtor country, of course. The creditor country will suffer last and least.

It is true that the world realizes the violation of economic lessons only through suffering. It is instructive to observe the advance of the silver movement in this country as the result of suffering. The first people who suffered from the demonetization of silver were the inhabitants of the silver-mining region. They found that the value of their bullion was falling, and they ascer-

tained that it was due to its rejection by the mints. Their public men took up the question and became the leaders here of thought in questions of monetary science.

The next class that suffered were the wheat growers of the West. They found that the wheat had greatly declined in value with the ounce of silver, and upon inquiry they ascertained that the silver price in India of wheat determined the gold price of our wheat in the Liverpool market. So they studied the question, and their public men joined the silver miners in the silver agitation.

Then came the cotton growers, who found that the value of their products was dependent upon the same economic law which governed the wheat market, so they joined the silver men.

Meanwhile the people of the Eastern States who had become the beneficiaries of a beneficent tariff system, and who had obtained the monopoly of the Western and Southern markets for their manufactured goods, and who had made profit from it, entered largely into the business of loaning these profits to the South and West. They contended against what they regarded as a "silver craze," because they constituted the creditor sections of the country. They felt that the English policy which increased the value of the money owing to them was an advantage which they could not forego, but they are beginning to realize that they have a proprietary interest in the West and South. They have large investments there. They are largely the owners of the stocks and bonds of the railroads which wind their way through the silver-mining, the wheat-raising, and the cotton districts of the country, and they find that the policy which has brought disaster to those regions is now affecting them not only in their proprietary interest, but in the diminished consumption and purchase of their manufactured goods. And so suffering has taught the people of the United States, and is day by day impressing the lesson, that the destruction of one-half of the world's metallic money is the greatest misfortune known to history.

The people outside of the great monetary centers, in which the metropolitan press endeavors to suppress all intelligence and prevent all correct thinking concerning this great movement, are moving resistlessly toward the restoration of silver. They are becoming convinced that the hope of an international conference is a delusion, and that while the creditor nations may, as a matter of courtesy, confer with them they will do nothing else. And the question before the American people to-day is whether they shall continue to submit themselves to all the horrors of the gold contraction or whether, taking the risk of drifting to a silver basis, they will restore silver to its old place by passing a law for its free coinage in this country. Should we drift to a free-silver basis, our position will be eventually better than if we remain upon a gold basis. The experience of silver-using countries of the world proves this. Should all the gold in this country drift out to foreign nations what would they do with it? This is a favorite field for foreign investments. Where else will they invest their gold? If we do not use foreign gold will it not fall in value? If we do use silver and thus increase the demand for it, will we not increase its value and thus by withdrawing the demand for gold and substituting the demand for silver by one of the most powerful nations in the world could we not do much toward restoring the old parity of the two metals? And remember that just to the extent that we increase the value of silver we increase the debt-paying capacity of our wheat, wool, and other staple products.

Is it not better to have gold at a premium than to have our products at a discount? The premium on gold would, at best, be trivial; the discount on our products is to-day 50 per cent, and we have not reached the bottom yet.

There is no danger of the world having too much metallic money, both gold and silver. It is estimated that there is in the world to-day about \$4,000,000,000 of gold coin, \$4,000,000,000 of silver coin, and \$4,000,000,000 of uncovered paper money. The very existence of this paper money proves that there never has been enough metallic money. We are to-day considering the retirement of a portion of this uncovered paper money. We have in this country about three hundred and fifty millions of greenbacks and one hundred and fifty millions of national-bank notes, which are mere representative money, not covered by actual gold or silver. We are considering to-day the retirement of these greenbacks because we say that they constitute an endless chain which draws gold out of our Treasury.

While I believe that this endless chain would not be operative if the Government would exercise its option of paying either gold or silver, an option exercised by France and a great many other nations in the interest of their gold reserves, yet if this uncovered paper money is to be retired in order to get rid of the endless chain, why should we substitute in its place other uncovered paper money in the shape of paper currency issued by State or national banks, merely representative money, not primary money, but mere promises to pay metallic money obligations, which will increase the strain on gold and will not prevent in any way its ex-

port? If the greenbacks are retired and national-bank notes are substituted for them, the demand for gold for export will be thrown upon the banks instead of upon the United States Treasury, and people will be watching the bank reserves just as they are watching the United States Treasury, with apprehension lest they may fall below the danger line. Under our present system, which gives the note holder the option as to which metallic money shall be paid, gold will be demanded for all these obligations, and if the country continues in adverse circumstances the balance of trade will be against us, the export of gold will continue, and the banks will be in constant apprehension.

How long, at the rate of a hundred millions of dollars a year, will it be before all the gold is withdrawn, unless we so reduce prices and values as to give our foreign creditors the property where they now have loans?

I would like to dwell at length upon the imaginary dangers always conjured up when it is proposed that this country should take independent action, but time will not permit.

For my part, I believe in a true American policy. I do not believe in increasing the value of foreign gold. I do believe in increasing the value of American silver, American wheat, American wool, American cotton, and all American staples. I do not believe in subjecting this country to financial dependence upon creditor nations. I believe in independence, political and financial. I do not believe in the gold standard. I would rather this country should be on a silver than a gold basis. I believe, however, that we can maintain the use of both metals in this country by means of wise laws, opening our mints to the free coinage of silver equally with gold, and thus by their equal use restoring the old parity, the old values, and the old-time prosperity.

The Appropriations.

SPEECH

OF

HON. WILLIAM J. COOMBS,

OF NEW YORK,

IN THE HOUSE OF REPRESENTATIVES,

Monday, March 4, 1895.

The House having under consideration the subject of appropriations—

Mr. COOMBS said:

Mr. SPEAKER: I have carefully noted the comments of my colleagues on the Committee on Appropriations, and, by the suggestion of the chairman, submit a few remarks in relation to them, without repeating the details of figures which they have given, and which will be found extended in the RECORD.

The chairman [Mr. SAYERS] has shown conclusively that there have been some reductions of the gross amounts appropriated by the Fifty-first and Fifty-second Congresses. Messrs. HENDERSON and CANNON have endeavored to show by different calculations that while there has been an apparent, there has been no real, reduction.

I shall not attempt to reconcile these different conclusions drawn from the same tables. The continuous contracts for river and harbor improvements and the construction of the new Navy authorized by one Congress and appropriated for by succeeding Congresses account for a large portion of the differences in the exhibit.

This Congress has not in this respect left so large a legacy to its successors as either the Fifty-first or Fifty-second, while it has been obliged to make most liberal appropriations to carry out the obligations incurred by its predecessors.

As I have faithfully attended every meeting of the committee, and have done my full share of the work of investigation, I am prepared to certify that nothing has passed without the most rigid scrutiny and the most exhaustive attempts toward economy, in which we have been seconded by the various Departments of Government.

In this work there has been no division of honors between the members of the two parties of which it is composed. I can say with certainty that I have in no case found a Democratic member insisting upon a larger appropriation than was thought necessary by a Republican associate. Every item of the various bills was carefully scrutinized in the committee, and in nearly every case unanimously agreed upon.

We can not, of course, find fault with any effort that is made by our Republican friends to make political capital out of the situation. Their effort is fully justified by precedent, but I would have been more gratified if both parties had attempted to improve

the occasion by drawing from it some lessons or indications to guide in the future government of the country.

THE NECESSITY OF AN INCOME.

The failure of one Congress after another to materially reduce appropriations, notwithstanding every honest effort in the direction of economy, should teach us that the necessary expenses of governing the country, and meeting its constantly increasing demands, are unavoidably large, and that if they keep pace with its growth will increase year by year.

These expenses must be paid whether the business of the country is prosperous or depressed. In fact, we have learned from experience that the demand for large expenditures is greater in seasons of depression than in years of prosperity. There is only one class of expenditures which in the natural course of events will decrease, and that is in the Department of Pensions, with the passing away of the old soldiers who are now receiving pecuniary recognition for their services in the dark days of the civil war. In fact, the indications that the decrease has already begun are unmistakable.

OUR SOURCES OF REVENUE.

Nearly all of our annual revenue is derived from two sources.

First, our collections from internal-revenue taxes. We can look with confidence for an increase from this source, which seems to be capable of expansion under wise legislation, without a material increase of burden upon the people. I do not refer in this statement to the income tax, which I can not regard as a part of the permanent policy of the Government, or one that will be accepted by the people.

Our other chief reliance for revenue is the tax on imports collected at our custom-houses. This I regard as uncertain and likely to decrease, whether the tariff be high or low. I am warned that I must explain my reasons for this expectation, and will do so as briefly as possible.

The country has decided that we can not embarrass our manufacturing interests by levying duties on raw materials drawn from abroad, and this Congress has wisely enacted it into law.

During a business experience extending over forty years I have watched the steady advance of our manufacturing industries in their ability to compete with those of other nations, and to constantly increase the number and value of the articles that they could export to markets open to the competition of all manufacturing nations. This ability has increased to a marvelous extent within the last five or six years, and has already received an additional impulse from the removal of duties on raw materials. There is scarcely a manufactured article that we produce in large quantities that can not meet foreign competition both in quality and in price.

Only those whose business brings them into immediate contact with it can appreciate the extent of our export of manufactured articles, not only to Spanish and Portuguese markets, but to England, Germany, and France, and their colonies, as well as to the markets of the East. Although our merchants and manufacturers are hampered by insufficient banking facilities, and are consequently unable to grant as favorable terms of credit as their European competitors, they are taking a good share of the trade. Statistics will show that they exceed in value the combined exports of our wheat and cotton. Although this branch of the subject is very attractive to me, I must not spend any more time upon it.

It needs no argument to convince you that whatever articles we can supply to the foreign market we can sell on more favorable terms to our own consumers than can be done by the foreign manufacturer, resulting in a constant decrease of imports and a corresponding decrease of revenue from our customs duties. Imports will of course never cease, but the natural tendency will be to confine them to articles of luxury and taste used almost exclusively by the rich or of such articles as can not be produced here on account of unfavorable conditions of climate. If you agree with me in these conclusions you will appreciate the necessity of a timely provision for raising revenue from other sources to meet the gradual falling off of duties.

I shall not attempt to make any suggestions upon this point. Those of you who will hereafter be clothed with the responsibility of legislation must take up the question.

You will not find it an easy task to provide new sources of revenue from the people without encountering their prejudices. They have been accustomed for so many years to contribute to the expenses of government in an indirect way that a change to direct and palpable assessments will meet with great opposition.

The same problem confronts every civilized nation, but in a more serious form. England, France, Germany, Spain, Greece, and Russia have exhausted every device in the way of direct and indirect taxation. Staggering under an immense load of indebtedness, with ever-increasing expenses caused by unsettled political conditions, with their industries and commerce menaced and made less profitable by new competition, they are facing a dark future.

We, on the contrary, during the thirty years that have succeeded the war, paid off nearly six billions of the obligations incurred by that unfortunate conflict, and an equal amount in the improvement of our rivers and harbors, building up of the Navy and fortifications, public buildings and running expenses of the Government, while our net permanent debt, including Government notes, does not at this time much exceed one and one-quarter billion dollars. So our condition in this respect is not a desperate one, but full of hope, provided intelligent, patriotic statesmanship is brought to the solution of the problems as they present themselves.

OUR FINANCIAL POLICY.

I should close my remarks at this point only that I think it proper to reply to the criticisms of the gentleman from Iowa [Mr. HENDERSON] upon the financial policy of the Administration, and the unsatisfactory condition in which that question is left by this Congress.

That the reforms begun by the repeal of the Sherman law were not followed up until every disturbing element, everything that stands in the way of a sound and safe monetary system, was removed is to be regretted. But that the blame for failure of action is entirely due to the Democratic party can not be truthfully maintained. Our Republican brethren must take their full share of the responsibility.

An analysis of the votes of the House on the various propositions looking to the funding of the notes issued by Government will show that a very large percentage of the members of that side of the Chamber voted against them. It was reasonable for those of us on this side of the House who were in favor of the reforms to count for support upon the members of the party that had made sound money an article of their faith, but they deserted us when the test came. They must be jointly responsible with those who have insisted that Government shall remain in the banking business, subject to all of its risks with none of the powers or resources accorded to bankers by every civilized nation.

They must not criticize our Executive or Secretary of the Treasury if, when driven to the wall and denied help by Congress, they were forced to avail themselves of the aid of private bankers in sustaining the credit of the nation. The financial world has approved of their policy in employing the same means to protect our gold reserve through the manipulation of exchange and other devices employed by the recognized bankers of European nations to protect their reserves.

It would have been better if the necessity had not existed, but that it did exist was clearly the fault of Congress and not of the Executive, and the nation to-day applauds him for his courage in assuming the responsibility.

The gentleman makes a mistake when he says that the sacrifice involved in the operation lowered the credit of the Government. On the contrary, it increased the price of our bonds, for the financial world recognized the fact that we had at the head of affairs a man able and willing to use every power in his possession to sustain the integrity and credit of the nation.

The Democratic party was unfortunate in coming into power at the time of the culmination of unfortunate conditions in the creation of which it had no part. The whole world was in the throes of financial and industrial distress, from which we naturally could not be exempt. No party can be justly held responsible for conditions that affect the whole world. We have, however, been held, in the public estimation, responsible for not only that, but for the results of the conflict on the silver question, which has been more persistent than ever before. While its advocates have not been able to carry a single point in the contest, they have succeeded in preventing much necessary financial legislation.

It is unfortunate that our country and our Congress should have been the chosen field in which its battles have been fought, but it is a matter of congratulation to us, who believe that the adoption of the silver standard by our nation would have resulted in the greatest misfortune, to know that the Fifty-third Congress has not yielded one inch to the demands of its advocates, and that the question has been left open for the decision of the world at large.

Now, Mr. Speaker and gentlemen, in closing my remarks, the last that I shall probably make to this House before retiring to private life, I wish to thank you sincerely for all the kindness that I have experienced at your hands. I came to you from my vocation as a merchant, unaccustomed to the ways of legislative bodies, having nothing to contribute to your deliberations aside from my experience in the ways of commerce. Of that experience I have contributed to the extent of my ability, and you have kindly listened to me.

Although differing from many of you radically upon many of the questions that have engaged our attention, and frankly expressing my convictions upon them, it has never been at the expense of personal friendship and esteem. I am not aware that there is a single man on either side of the House who is not my friend, and for whom I do not entertain a cordial regard which I shall carry with me into the walks of private life.

The Currency.

SPEECH

OF

HON. RICHARD PARKS BLAND,

OF MISSOURI,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1895,

On the joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds.

Mr. BLAND said:

Mr. SPEAKER: As further remarks on the question of issuing the sixty-five million gold bonds I will submit a review of the record made in Congress on the silver question since the act of 1873 demonetizing silver, for silver restoration is the true remedy for bond issues, and the past battles on this line are instructive.

Forty-fourth Congress.

Executive—Republican.

Senate—Republicans, 40; Democrats, 20; vacancy, 1.

House—Republicans, 107; Democrats, 188.

ACT TO REDEEM FRACTIONAL CURRENCY.

[Proceedings in House.]

A bill (H. R. 2450) to provide for a deficiency in the Printing and Engraving Bureau in the Treasury Department, and for the issue of silver coin of the United States in place of fractional currency. Reported from the Committee on Appropriations.

March 27, 1876, Mr. HOLMAN submitted the following as a new section:

"SEC. 3. The Secretary of the Treasury is hereby prohibited from making any further increase in the interest-bearing debt of the United States by the issue and sale of bonds for the purchase of silver bullion for coinage. But silver bullion shall, under regulations to be prescribed by the Secretary of the Treasury, be received by the several mints for fabrication into subsidiary coins, and paid for in such coins at a rate or price per ounce to be fixed from time to time, according to the market rate, by the Director of the Mint with the approval of the Secretary of the Treasury, on the basis of the difference between the par value of such coin and the value of such bullion, and an addition not exceeding 1 per cent, in the discretion of the Secretary of the Treasury, shall be made to the purchasing price as an allowance for the transportation of coin. And the excess of the par value of such coin over the value of the bullion so deposited, less the amount that shall be allowed for transportation, as aforesaid, determined as above provided, shall be from time to time covered into the Treasury, as the Secretary of the Treasury shall direct: *Provided, however*, That such silver coins of the denominations aforesaid, and the silver bullion now owned by the United States, shall not exceed in par value the par value of the fractional currency now authorized by law."

Mr. E. Wells (Democrat) moved the following proviso to the proposed new section:

"*Provided*, That if silver bullion is not presented for coinage in sufficient quantity for the redemption of fractional currency the Secretary of the Treasury may, under the provisions of the act entitled 'An act to provide for the resumption of specie payments,' approved January 14, 1875, purchase silver bullion for the purpose of coinage as provided in said act."

Which was agreed to—yeas 118, nays 100.

Yeas—Democrats, 45; Republicans, 72; Independent, 1.

Nays—Democrats, 88; Republicans, 16; Independent, 2.

Mr. Reagan (Democrat) of Texas offered the following amendment:

Insert as section 4 the following:

"That the silver coins of the United States of the denomination of \$1 shall be a legal tender at their nominal value for any amount not exceeding \$50 in any one payment. And silver coins of the United States of denominations of less than \$1 shall be a legal tender at their nominal value for any amount not exceeding \$25 in any one payment."

Which was agreed to—yeas 122, nays 94.

Yeas—Democrats, 90; Republicans, 22; Independent, 1.

Nays—Democrats, 28; Republicans, 65; Independent, 1.

March 31, 1876, the amendment offered by Mr. HOLMAN, as amended on motion of Mr. E. Wells, was disagreed to—yeas 68, nays 77.

The bill as amended by the amendment of Mr. Reagan was then passed—yeas 122, nays 100.

Yeas—Democrats, 50; Republicans, 70; Independent, 2.

Nays—Democrats, 80; Republicans, 18; Independent, 2.

[For foregoing proceedings see CONGRESSIONAL RECORD, volumes 14 and 15.]

[Proceedings in Senate on H. R. 2450, April 10, 1876.—CONGRESSIONAL RECORD, volume 15.]

Mr. SHERMAN reported the bill from the Committee on Finance with amendments.

The bill was amended by striking out all after the second section.

Mr. SHERMAN moved to add the following words to the second section:

"And all fractional currency redeemed under the act shall be held to be part of the sinking fund provided for by existing law, the interests to be computed thereon as in the case of bonds redeemed under the acts relating to the sinking fund;" which was agreed to.

The bill then passed without division.

[Proceedings in House on the Senate amendments to H. R. 2450, April 11 and 12, 1876.]

The House concurred in the Senate amendments. The vote on concurring in the amendment striking out the third section (Mr. Reagan's amendment) was—ayes 90, nays 55.—*Congressional Record*, volume 15.

[NOTE.—In the Senate it was stated that the object in striking out was to disambarrass this bill of the provision, leaving it to the future to consider the question as an independent one. The same statement was made in the House.]

The bill became a law April 17, 1876. (Stat. at L., volume 19.)

BILL FOR THE ISSUE OF SILVER COIN.

June 10, 1876, Mr. Cox (Democrat) of New York, from the Committee on Banking and Currency, reported the following joint resolution (H. Res. 109) as a substitute for the original resolution introduced by Mr. Frost (Republican) of Massachusetts:

"That the Secretary of the Treasury, under such limits and regulations as will best secure a just and fair distribution of the same through the country, may issue the silver coin now in the Treasury to an amount not exceeding \$10,000,000 in exchange for an equal amount of legal-tender notes; and the notes so received in exchange shall be kept as a special fund, separate and apart from all other money in the Treasury, and be reissued only upon the retirement and destruction of a like sum of fractional currency received at the Treasury in payment of dues to the United States; and said fractional currency, when so substituted, shall be destroyed and held as part of the sinking fund, as provided in the act approved April 17, 1876."

The previous question was ordered—yeas 106, nays 80.

Yeas—Democrats, 40; Republicans, 55; Independent, 2.

Nays—Democrats, 75; Republicans, 9; Independent, 2.

The joint resolution then passed without a division, the yeas and nays being refused.—*Congressional Record*, volume 16.

[Proceedings in Senate on H. Res. 109.]

June 21, 1876, considered, and amended by striking out the word "now" after the word "coin," and by adding the following as section 2:

"SEC. 2. That the trade dollar shall not hereafter be a legal tender, and the Secretary of the Treasury is hereby authorized to limit from time to time the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same."

The joint resolution then passed without division.—*Congressional Record*, volume 16.

[Proceedings in House on Senate amendments to H. Res. 109.]

June 28, 1876, Mr. Payne (Democrat), from the Committee on Banking and Currency, reported the Senate amendments, recommending concurrence.

On concurring in the amendment to strike out the word "now," after the word "coin," the yeas were 82, nays 97.

Yeas—Democrats, 19; Republicans, 61; Independent, 2.

Nays—Democrats, 88; Republicans, 7; Independent, 2.

The vote on concurring in the amendment adding a new section was—yeas 59, nays 108, but was reconsidered on motion of Mr. Randall (Democrat) of Pennsylvania, who moved to concur in said amendment with an amendment as follows:

"SEC. 2. That in addition to the amount of subsidiary coin authorized by law to be issued in redemption of the fractional currency it shall be lawful to manufacture at the several mints and issue through the Treasury and its several offices such coin to the amount of \$20,000,000."

"SEC. 3. That the silver bullion required for this purpose shall be purchased, from time to time, at market rate, by the Secretary of the Treasury, with any money in the Treasury not otherwise appropriated; and the resulting coin may be issued in the ordinary disbursement of the Treasury; but no purchase of bullion shall be made under this act when the market rate for the same shall be such as will not admit of the coinage and issue as herein provided without loss to the Treasury; and any gain or seigniorage arising from this coinage shall be accounted for and paid into the Treasury, as provided under existing laws relative to the subsidiary coinage: *Provided*, That the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed \$1,000,000."

Mr. Frederick Landers (Democrat) submitted the following amendment to the amendment of Mr. Randall:

"And it is further provided that the Secretary of the Treasury is directed to authorize the coinage of the standard silver dollar of the same weight and fineness in use January 1, 1861; and said dollar shall be a legal tender in payment of all debts, public and private."

Which was agreed to—yeas 110, nays 55.

Yeas—Democrats, 85; Republicans, 23; Independent, 2.

Nays—Democrats, 16; Republicans, 37; Independent, 2.

The amendment offered by Mr. Randall, as amended, was agreed to—yeas 110, nays 45.

Yeas—Democrats, 84; Republicans, 23; Independent, 3.

Nays—Democrats, 15; Republicans, 29; Independent, 1.

[Conference appointed on H. Res. 109.]

In Senate, July 1, 1876, House amendments to Senate amendments disagreed to, and Messrs. SHERMAN (Republican), Boutwell (Republican), and Bogy (Democrat) appointed conferees.

In House, July 6, 1876, House agreed to conference and appointed Messrs. Payne (Democrat), Randall (Democrat), and F. Landers (Democrat) conferees.

[Report of the conference on H. Res. 109.]

July 13, 1876, the committee of conference submitted the following report, signed by all the members except Mr. Landers (Democrat) of Indiana:

The committee of conference on the disagreeing votes of the two Houses on the amendments to the joint resolution (H. Res. 109) for the issue of silver coin, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the first amendment of the Senate to said joint resolution, and agree thereto amended as follows: In line 4 strike out the word "now" and insert "at any time;" and the Senate agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the second amendment of the Senate to said joint resolution, and agree to a substitute for said House amendment as follows:

Add to the second amendment of the Senate the following:

"SEC. 3. That in addition to the amount of subsidiary silver coin authorized by law to be issued in redemption of the fractional currency it shall be lawful to manufacture at the several mints and issue through the Treasury and its several offices such coin to an amount that, including the amount of subsidiary silver coin and of fractional currency outstanding, shall in the aggregate not exceed at any time \$50,000,000."

"SEC. 4. That the silver bullion required for the purposes of this act shall be purchased, from time to time, at market rate, by the Secretary of the Treasury, with any money in the Treasury not otherwise appropriated; but no purchase of bullion shall be made under this act when the market rate for the same shall be such as will not admit of the coinage and issue, as herein provided, without loss to the Treasury; and any gain or seigniorage arising from this coinage shall be accounted for and paid into the Treasury, as provided under existing laws relative to the subsidiary coinage: *Provided*, That the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed \$300,000."

And the House agree to the same.

The conference report was agreed to—yeas 123, nays 70.

Yeas—Democrats, 66; Republicans, 62; Independent, 1.

Nays—Democrats, 50; Republicans, 15; Independent, 2.

The report was agreed to in the Senate without division.
[For proceedings see CONGRESSIONAL RECORD, volume 17.]
The joint resolution became a law July 22, 1876. (Stat. at L., volume 19.)

BILL FOR THE ISSUE OF SUBSIDIARY COIN.

June 10, 1876, Mr. Cox (Democrat), of New York, from the Committee on Banking and Currency reported the bill (H. R. 3308) for the issue of coin, and for other purposes, introduced by Mr. Randall (Democrat), of Pennsylvania, with the following amendment striking out all after the enacting clause and inserting:

"That, in addition to the amount of subsidiary coin authorized by law to be issued in redemption of the fractional currency, it shall be lawful to manufacture at the several mints, and issue through the Treasury and its several offices, such coin to the amount of \$20,000,000.

"SEC. 2. That the silver bullion required for this purpose shall be purchased, from time to time, at market rate, by the Secretary of the Treasury, with any money in the Treasury not otherwise appropriated; and the resulting coin may be issued in the ordinary disbursement of the Treasury or in exchange for legal-tender notes at par; but no purchase of bullion shall be made under this act when the market rate for the same shall be such as will not admit of the coinage and issue or exchange as herein provided without loss to the Treasury, and any gain or seigniorage arising from this coinage shall be accounted for and paid into the Treasury as provided under existing laws relative to the subsidiary coinage: *Provided*, That the amount of money at any one time invested in such silver bullion, exclusive of such resulting coin, shall not exceed \$1,000,000.

"SEC. 3. That the trade dollar shall not hereafter be a legal tender; and the Secretary of the Treasury is hereby authorized to limit, from time to time, the coinage thereof to such an amount as he may deem sufficient to meet the export demand for the same."

An amendment submitted by Mr. Reagan (Democrat) of Texas, striking out in section 2 the words "or in exchange for legal-tender notes at par," and after the words "coinage and issue," the words "or exchange," was agreed to, and the bill as amended was passed without division.—*Congressional Record*, volume 16.

[Proceedings in Senate on H. R. 3308.]

June 27, 1876, the Committee on Finance reported an amendment, striking out all of the House bill and inserting four sections, providing—

First. For the coinage of silver dollars at 412.8 grains, to be legal tender for sums not exceeding \$20.

Second. For exchanging such dollars and minor coins for legal tenders, to be canceled and not reissued or replaced.

Third. For purchasing silver bullion at market rates for such coinage, to be made without loss in coinage and issue.

Fourth. Prohibiting legal tender of the trade dollar and limiting its coinage to export demand.

June 28, 1876, Senator Boggs (Democrat) moved to strike out in the first section the words "not exceeding \$20;" on which the vote was—yeas 15, nays 14. (No quorum.)

Yeas—Democrats, 7; Republicans, 11.

Nays—Democrats, 3; Republicans, 10; Independent, 1.

June 29, 1876, bill and amendments recommitted to the Committee on Finance, and was not reported back.—*Congressional Record*, volume 17.

RESOLUTION FOR ISSUE OF SILVER COIN.

In House, May 15, 1876, Mr. Payne (Democrat) moved to suspend the rules and pass a joint resolution authorizing the Secretary of the Treasury to issue \$10,000,000 in exchange for an equal amount of legal-tender notes; which was disagreed to (two-thirds not voting in favor thereof—yeas 126, nays 73; as follows:

Yeas—Democrats, 71; Republicans, 62; Independents, 2.

Nays—Democrats, 65; Republicans, 6; Independents, 2.

(See CONGRESSIONAL RECORD, volume 16.)

COINAGE OF SILVER DOLLARS.

[In House.]

July 24, 1876, Mr. Kelley (Republican) of Pennsylvania moved to suspend the rules and pass a bill (H. R. 3923) to provide for the coinage of the standard silver dollar of the United States and for restoring its legal-tender character; which was disagreed to—yeas 119, nays 66 (two-thirds not voting in favor thereof).

Yeas—Democrats, 84; Republicans, 33; Independents, 2.

Nays—Democrats, 27; Republicans, 46; Independent, 1.

(See CONGRESSIONAL RECORD, volume 17.)

SILVER COINAGE BILL.

[In House.]

July 19, 1876, Mr. BLAND (Democrat), Missouri, from the Committee on Mines and Mining, reported a bill (H. R. 3835) to utilize the product of gold and silver mines, and for other purposes.

December 13, 1876, Mr. BLAND offered the following substitute therefor: "That there shall be, from time to time, coined at the mints of the United States silver dollars of the weight of 412½ grains standard silver to the dollar, as provided for in the act of January 18, 1837; and that said dollar shall be a legal tender for all debts, public and private, except where payment of gold coin is required by law;" which was agreed to without a division.

The bill as amended by the substitute of Mr. BLAND then passed the House—yeas 168, nays 63; as follows:

Yeas—Democrats (in italics), 123; Republicans (in roman), 45.

Nays—Democrats, 17; Republicans, 16.

YEAS—168.

Ainsworth,	Buckner,	Collins,	Forney,
Anderson,	Burchard, H. C.	Conger,	Fort,
Ashe,	Burchard, S. D.	Cook,	Foster,
Atkins,	Cabell,	Coleman,	Franklin,
Bagby,	Caldwell, J. H.	Cox, S. S.	Fuller,
Bagley, J. H., jr.	Caldwell, W. P.	Crouse,	Glover,
Baker, J. H.	Campbell, A.	Culberson,	Goode,
Banning,	Cannon,	Cutler,	Gunter,
Bland,	Carroll,	Davis, J. J.	Hamilton, A. H.
Blenzat,	Cason,	Dibrell,	Hamilton, R.
Boone,	Caswell,	Durham,	Hancock,
Bradford,	Cate,	Ellis,	Hardenbergh,
Bradley,	Caulfield,	Evans, J. L.	Harris, H. R.
Bright,	Clarke, J. B.	Faulkner,	Harris, J. T.
Brown, J. Y.	Clark, J. B., jr.	Felton,	Harrison,
Brown, W. R.	Clymer,	Finley, J. J.	Hartridge,

Hartzell,	McCrary,	Roberts,
Hatcher,	McDill,	Busk,
Hathorn,	McFarland,	Sampson,
Haymond,	Milliken,	Savage,
Henderson,	Mills,	Scales,
Henkle,	Money,	Sheakley,
Hereford,	Monroe,	Singleton,
Hewitt, G. W.	Morgan,	Slemmons,
Holman,	Mutchler,	Smith, W. E.
Hooker,	Neal, L. T.	Southard,
Humphreys, A.	Odell,	Sparks,
Hunter,	Oliver,	Spencer,
Huntton,	Page,	Springer,
Kelley,	Payne,	Stanton,
Kimball,	Phillips, W. A.	Stenger,
Knot,	Piper,	Stevenson,
Lamar,	Popperton,	Stone, W. H.
Landers, F.	Poswell,	Stowell,
Landers, G. M.	Rea,	Strait,
Lane,	Reagan,	Swann,
Leavenworth,	Reilly, J.	Tees,
Lewis, E. E.	Reilly, J. B.	Terry,
Luttrell,	Rice, A. V.	Thornburgh,
Lynde,	Riddle,	Throckmorton,
Mackey,	Robbins, J.	Townsend, M. I.
Magoon,	Robbins, W. M.	Tufts,

NAYS—53.

Adams,	Frye,	Lynch,	Schumaker,
Bagley, G. A.	Garfield,	Maish,	Seelye,
Baker, W. A.	Gibson,	MacDougall,	Sinnickson,
Ballou,	Hale,	Metcalf, H. B.	Smith, A. H.
Bell, S. N.	Haralson,	Miller,	Tarbox,
Blair,	Harris, B. W.	Nash,	Wait,
Burleigh,	Hewitt, A. S.	Norton,	Warren,
Chandler,	Hoar,	O'Brien,	Williams, A. S.
Chittenden,	Hoskins,	O'Neill,	Willis,
Davy,	Hurd,	Packer,	Wood, jr., Alan
Denison,	Jones, F.	Pierce,	Wood, Fernando.
Eames,	Kasson,	Plimsted,	
Flye,	Kehr,	Platt,	
Freeman,	Levy,	Potter,	

(See CONGRESSIONAL RECORD, volume 21.)

No action was taken on this bill in the Senate.

FORTY-FIFTH CONGRESS.

Executive—Republican.

Senate—Republicans, 39; Democrats, 30; Independent, 1 (David Davis).

House—Democrats, 156; Republicans, 180; vacancy, 1.

BILL TO REMONETIZE THE STANDARD SILVER DOLLAR.

In the House, November 5, 1877, Mr. BLAND moved to suspend the rules and pass a bill (H. R. 1003) to authorize the coinage of a dollar of 412½ grains silver standard, and for other purposes; which was agreed to—yeas 164, nays 34; as follows:

(Democrats in italics; Republicans in roman.)

YEAS—164.

Aitken,	Darrall,	Ittner,	Rice, A. V.
Aldrich,	Davis, J. J.	Jones, J. T.	Riddle,
Atkins,	Deering,	Jones, J. S.	Robbins,
Baker,	Dibrell,	Keifer,	Robertson,
Banning,	Dickey,	Keightley,	Robinson,
Bell,	Dunnell,	Kelley,	Sampson,
Bicknell,	Eden,	Kenna,	Sapp,
Bland,	Elam,	Knapp,	Saylor,
Blount,	Ellis,	Knot,	Scales,
Boone,	Ellsworth,	Lathrop,	Sexton,
Bouck,	Evins,	Ligon,	Shelley,
Brentano,	Evins,	Luttrell,	Singleton,
Bridges,	Feltton,	Lynde,	Slemmons,
Brogden,	Finley,	Mackey,	Smith,
Browne,	Forney,	Maish,	Sparks,
Buckner,	Foster,	Manning,	Springer,
Bundy,	Franklin,	Marsh,	Steele,
Burdick,	Fuller,	Martin,	Stewart,
Cabell,	Gardner,	McKenzie,	Stone, J. W.
Cain,	Garth,	McKinley,	Stone, J. C.
Caldwell, J. W.	Giddings,	McMahon,	Strait,
Caldwell, W. P.	Glover,	Mills,	Thornburgh,
Calkins,	Goode,	Money,	Throckmorton,
Candler,	Hamilton,	Monroe,	Tipton,
Cannon,	Harris,	Morgan,	Townsend, Amos
Carliste,	Harrison,	Morrison,	Townsend, E. W.
Caswell,	Hartridge,	Muldrow,	Turner,
Chalmers,	Hartzell,	Neal,	Vance,
Clarke, J. B.	Haskell,	Oliver,	Van Vorhes,
Clark, J. B., jr.	Hatcher,	Pacheco,	Waddell,
Clark, Rush	Hayes,	Page,	Welch,
Conger,	Hazelton,	Patterson,	White,
Cook,	Henderson,	Phillips,	Willets,
Cox, J. D.	Hewitt, G. W.	Pollard,	Williams, C. G.
Cox, S. S.	Herbert,	Pound,	Williams, J. N.
Cragens,	Hooker,	Price,	Williams, Richard
Crittenden,	House,	Fridemore,	Willis,
Culberson,	Hubbell,	Rainey,	Wren,
Cummings,	Hunter,	Randolph,	Wright,
Cutler,	Huntton,	Rea,	Yeates,
DeFord,	Humphrey,	Reagan,	Young.

97 Democrats, 67 Republicans.

NAYS—34.

Bacon,	Davis, Horace	Hewitt, A. S.	Reed,
Ballou,	Denison,	Joyce,	Rice, W. W.
Blair,	Eames,	Leonard,	Schleicher,
Brewer,	Field,	Lindsey,	Stephens,
Briggs,	Frye,	McGowan,	Swann,
Chittenden,	Gibson,	Morse,	Ward,
Claffin,	Hardenbergh,	Norcross,	Wood.
Cole,	Hart,	Poddie,	
Covert,	Hendee,	Powers,	

10 Democrats, 24 Republicans.
(See CONGRESSIONAL RECORD, volume 23.)

In Senate (H. R. 1003), November 21, 1877, Mr. ALLISON (Republican) of Iowa, from the Committee on Finance, reported the bill striking out the last clause of section 1, commencing "and any owner," etc., and inserting a provision for the purchase of not less than \$2,000,000 nor more than \$4,000,000 of silver per month.

February 15, 1878, the amendment of the committee was agreed to—yeas 40, nays 22.

Yeas—Democrats, 16; Republicans, 20.
Nays—Democrats, 17; Republicans, 4; Independent, 1 (Davis).
The second amendment of the committee to add section 2, providing for an international monetary conference was agreed to—yeas 40, nays 30.
Yeas—Democrats, 10; Republicans, 20; Independent, 1.
Nays—Democrats, 24; Republicans, 6.
Sundry amendments were submitted, only a few of which were agreed to. (See CONGRESSIONAL RECORD, volume 7, part 2.)
The bill as amended was then passed—yeas 48, nays 21; as follows:
(Democrats in italics; Republicans in roman; Independent in small caps.)

YEAS—48.
Allison, DAVIS, ILL. Johnston, Oglesby,
Armstrong, Davis, W. Va. Jones, Fla. Paddock,
Bailey, Dennis, Jones, Nev. Plumb,
Beck, Dorsey, Kellogg, Sanlebury,
Booth, Easta, Kirkwood, Saunders,
Bruce, Ferry, McCreery, Spencer,
Cameron, Pa. Garland, McDonald, Teller,
Cameron, Wis. Gordon, McMillan, Thurman,
Chaffee, Grover, Matthews, Voorhees,
Cockrell, Hereford, Mayes, Wallace,
Coke, Howe, Morrison, Windom,
Conover, Ingalls, Morgan, Withers.

24 Democrats, 23 Republicans, 1 Independent.

NAYS—21.
Anthony, Conkling, Lamar, Sargent,
Barnum, Dawes, McPherson, Wadleigh,
Bayard, Edmunds, Mitchell, Whyte,
Blaine, Hamlin, Morrill,
Burnside, Hoar, Randolph,
Christiancy, Kernan, Rollins.

7 Democrats, 14 Republicans.

So it was
Resolved, That the bill pass, and that the title be amended to read, "An act to authorize the coinage of the standard silver dollar, and to restore its legal-tender character."

In House of Representatives, H. R. 1003, with Senate amendments.
February 21, 1878, the House concurred in the second amendment of the Senate, being the purchasing clause—yeas 203, nays 72.

Yeas—Democrats, 74; Republicans, 129.
Nays—Democrats, 68; Republicans, 4.
The amendment of the Senate for an international conference was agreed to—yeas 106, nays 71.

Yeas—Democrats, 77; Republicans, 119.
Nays—Democrats, 63; Republicans, 8.
The other amendments were concurred in without a division.
The bill then went to the President (Hayes), who vetoed it on February 23, 1878. (For veto message see CONGRESSIONAL RECORD, volume 28.)

In House (H. R. 1003), the House passed the bill over the President's veto on the same day (February 23, 1878)—yeas 196, nays 73.

Yeas—Democrats, 118; Republicans, 78.
Nays—Democrats, 22; Republicans, 51.

In Senate (H. R. 1003) February 28, 1878, the Senate passed the bill over the President's veto—yeas 40, nays 19.

Yeas—Democrats, 25; Republicans, 20; Independent, 1.
Nays—Democrats, 9; Republicans, 10.

The bill therefore became a law, and is known as the Bland-Allison Act, or the act of February 28, 1878. (See Statutes at Large, volume 30.)

FREE COINAGE OF GOLD AND SILVER.

In House, March 5, 1878, Mr. SPRINGER (Democrat) of Illinois moved to suspend the rules and pass a bill to authorize the coinage of gold and silver upon the same terms, and to permit deposits thereof in the Treasury for the same purposes.

Which was disagreed to—yeas 140, nays 102 (two-thirds not voting therefor).

Yeas—Democrats 102, Republicans 38.
Nays—Democrats 25, Republicans 77.
(See CONGRESSIONAL RECORD, volume 28.)

PAYMENT OF BONDS IN SILVER.

In Senate, January 16, 1878 (before passage of Bland-Allison Act), Mr. Matthews submitted a concurrent resolution declaring that all United States bonds issued under the refunding and redemption acts of July 14, 1870, and January 14, 1875, could be paid at the option of the Government in standard silver dollars of 412½ grains without violation of public faith, etc.

All amendments proposed were voted down, and the resolution was agreed to—yeas 43, nays 22.

Yeas—Democrats, 23; Republicans, 19; Independent, 1.
Nays—Democrats, 7; Republicans, 15. (CONGRESSIONAL RECORD, volume 27.)

In House, January 29, 1878, the preamble and concurrent resolution of the Senate were agreed to—yeas 189, nays 79.

Yeas—Democrats, 116; Republicans, 73.
Nays—Democrats, 23; Republicans, 56.
(See CONGRESSIONAL RECORD, volume 27.)

RECOINAGE OF TRADE DOLLARS.

In House, December 9, 1878, Mr. Durham (Democrat) moved to suspend the rules and pass a bill to provide for the exchange and recoinage of the trade dollar, and to cease the further coinage of the trade dollar; which was disagreed to—yeas 153, nays 91 (two-thirds not voting therefor).

Yeas—Democrats, 104; Republicans, 49.
Nays—Democrats, 30; Republicans, 71.
(See CONGRESSIONAL RECORD, volume 33.)

LEGAL-TENDER QUALITY OF SILVER DOLLARS.

In House, December 9, 1878, Mr. Fort (Republican) moved to suspend the rules and pass a resolution declaring any discrimination against standard silver dollars by national banking associations a defiance of law, and instructing the Committee on Banking and Currency to report a bill for withdrawing their circulation.

Disagreed to—yeas 51, nays 89 (not two-thirds in favor).

Yeas—Democrats, 100; Republicans, 45.
Nays—Democrats, 16; Republicans, 75.
(See CONGRESSIONAL RECORD, volume 33.)

FORTY-SIXTH CONGRESS.

Executive—Republican.
Senate—42 Democrats, 33 Republicans, 1 Independent.
House—148 Democrats, 130 Republicans, 15 Nationals.

EXCHANGE OF SUBSIDIARY COINS.

H. R. 4, to provide for the interchange of subsidiary coins for legal-tender money under certain circumstances, and to make such coins a legal tender in all sums not exceeding \$10.

April 16, 1879, reported from the Committee on Coinage, Weights, and Measures by Mr. Stephens (Democrat).

April 19, 1879, Mr. SPRINGER (Democrat) moved to amend the bill in the third section by making fractional silver a legal tender for \$20, instead of \$10, as provided in the bill.

Agreed to—yeas 123, nays 100.

Yeas—Democrats, 97; Republicans, 14; Nationals, 12.
Nays—Democrats 15; Republicans 88.

April 22, 1879, bill passed without a division.
(See CONGRESSIONAL RECORD, volume 37.)

In Senate (H. R. 4): May 28, 1879, an amendment of the Committee on Finance striking from the first section the word "twenty" and inserting "ten" was agreed to—yeas 38, nays 22.

Yeas—Democrats, 11; Republicans, 22.
Nays—Democrats, 21; Republicans, 0; Independent, 1.

Several other unimportant amendments were agreed to.
The House concurred in the amendments of the Senate. (See CONGRESSIONAL RECORD, volume 38.)

The bill became a law June 9, 1879. (Statutes at Large, volume 21.)

EXCHANGING TRADE DOLLARS FOR LEGAL-TENDER SILVER DOLLARS.

In House, H. R. 13, to provide for the exchange of the trade dollar for legal-tender silver dollars, introduced by Mr. Fort (Republican).

June 18, 1879, reported and passed with amendments, without a division.
(See CONGRESSIONAL RECORD, volume 38.)

Not acted upon in the Senate.

REMONETIZATION AND FREE COINAGE OF SILVER.

In Senate, June 27, 1879, Mr. VEST (Democrat) offered the following resolution:

"Resolved by the Senate (the House of Representatives concurring), That the complete remonetization of silver, its full restoration as a money metal, and its free coinage by the mints of the United States are demanded alike by the dictates of justice and wise statesmanship."

June 30, 1879, this resolution was referred to the Committee on Finance, on motion of Mr. ALLISON (Republican)—yeas 23, nays 22.

Yeas—Democrats (in italics), 4; Republicans (in roman), 19; as follows:

Allison,	Carpenter,	Kellogg,	Platt,
Anthony,	Chandler,	Kernan,	Rollins,
Bayard,	Conkling,	Kirkwood,	Saunders,
Blair,	Estlin,	Logan,	Wayte,
Burnside,	Ferry,	Morrill,	Windom—23.
Cameron of Wis.	Hill of Colo.	Paddock,	

Nays—Democrats (in italics), 21; Independent, 1 (Davis); as follows:

Beck,	Garland,	Mazey,	Vest,
Butler,	Harris,	Morgan,	Voorhees,
Call,	Hereford,	Pendleton,	Walker,
Cockrell,	Houston,	Saulsbury,	Williams—22.
Coke,	Jones,	Slater,	
DAVIS of Ill.	Jones of Fla.	Vance,	

The resolution was not reported from the committee. (See CONGRESSIONAL RECORD, volume 38.)

COINAGE AND COIN AND BULLION CERTIFICATES.

In House, April 30, 1879, Mr. A. J. Warner (Democrat) reported from the Committee on Coinage, Weights, and Measures the bill introduced by him (H. R. 564) to amend certain sections of the Revised Statutes of the United States relating to coinage and coin and bullion certificates, and for other purposes.

May 15, 1879, Mr. Killinger (Republican) moved to lay the bill on the table; which was disagreed to—yeas 109, nays 126.

Yeas—Democrats, 14; Republicans, 95.

Nays—Democrats, 107; Republicans, 10; Independents, 9.

The bill was considered on May 16, 17, 20, 22, 23, and 24, and sundry amendments offered. (For proceedings see CONGRESSIONAL RECORD, volume 38.)

May 24, 1879—The bill passed—yeas 114, nays 97.

Yeas—Democrats, 90; Republicans, 6; Independents, 9.

Nays—Democrats, 8; Republicans, 89.

In Senate February 3, 1880, the bill (H. R. 564) was reported by Mr. Bayard (Democrat), from the Committee on Finance, adversely. No further action.

FORTY-SEVENTH CONGRESS.

Executive—Republican.
Senate—37 Republicans, 37 Democrats, 1 Independent, 1 Readjuster.
House—130 Republicans, 131 Democrats, 10 Nationals, 2 Readjusters.

SILVER CERTIFICATES AND Bimetallism.

In Senate, March 17, 1882, Mr. Brown (Democrat) offered the following resolutions:

"Resolved, That it is inexpedient and unwise to contract the currency by the withdrawal from circulation of what are known as silver certificates or to discontinue or further restrict the coinage of silver."

"Resolved further, That gold and silver coin, based upon a proper ratio of equivalence between the two metals, and issues of paper, predicated upon and convertible into coin on demand, constitute the proper circulating medium of this country."

The resolutions were referred to the Committee on Finance—yeas 30, nays 24.

Yeas—Democrats, 2; Republicans, 23.

Nays—Democrats, 23; Independent, 1.
(See CONGRESSIONAL RECORD, volumes 52-53.)

RETIREMENT OF TRADE DOLLARS.

In House, June 19, 1882, on motion of Mr. D. C. Smith (Republican) the rules were suspended and a bill (H. R. 4671) passed without division for the retirement of trade dollars from circulation. No action by the Senate. (See CONGRESSIONAL RECORD, volume 55.)

FORTY-EIGHTH CONGRESS.

Executive—Republican.
Senate—40 Republicans, 36 Democrats.
House—201 Democrats, 110 Republicans, 4 Independents, 1 Greenbacker.

REDEMPTION OF TRADE DOLLARS.

April 1, 1884, House bill 4976, reported by Mr. George E. Adams (Republican), from the Committee on Banking and Currency, pending in the House of Representatives, authorizing receipt to January 1, 1886, of trade dollars for all dues to United States; section 2, exchangeable for standard dollars; section 3, to be sent to mints for coinage; section 4, to be part of coinage under act of February 28, 1878.

Mr. BLAND moved to strike out section 4. Agreed to—yeas 131—115 Democrats, 14 Republicans, 2 Independents; nays 119—37 Democrats, 81 Republicans, 1 Independent.

Passed—yeas 198—140 Democrats, 56 Republicans, 2 Independents; nays 45—11 Democrats, 33 Republicans, 1 Independent.

(See CONGRESSIONAL RECORD, volume 66.)
In Senate (H. R. 4976). In the Senate, second session Forty-eighth Congress, the Finance Committee reported a substitute of five sections. Section 1 authorized exchange for standard dollars to July 1, 1885; section 2, to be sent to mints for coinage as part of bullion under act of February 28, 1878; section 4, to renew negotiations with Latin Union and other foreign powers for treaties to open mints to free coinage; section 5, if no such treaties be ratified before August 1, 1886, then suspension of act of February 28, 1878. February 4, 1885, Mr. Ingalls moved to strike out section 5. No other action.
(See CONGRESSIONAL RECORD, volume 72.)

SUSPENSION OF BLAND-ALLISON ACT.

In the House of Representatives, February 26, 1885, House bill 6256, being the sundry civil appropriation bill, was pending with a clause in it to suspend the operations of the law of February 28, 1878. In other words, to suspend the further purchase of silver, just as is proposed in this bill.

Mr. Randall moved to suspend the rules and consider said clause. It was disagreed to—yeas 118, nays 132; and it was abandoned and stricken from the bill.

(See CONGRESSIONAL RECORD, volume 73.)
To prohibit issue of Treasury notes of less than \$5, and to provide for the issue of silver certificates of \$1, \$2, and \$5.

In House, December 15, 1884, Mr. LACEY (Republican) on behalf of the Committee on Coinage, Weights, and Measures, moved to suspend the rules and pass H. R. 7232. Disagreed to—yeas 50, nays 219.
(See CONGRESSIONAL RECORD, volume 71.)

FORTY-NINTH CONGRESS.

Executive—Democratic.

Senate—41 Republicans, 35 Democrats.

House—184 Democrats, 139 Republicans, 2 Labor-Greenback.

FREE COINAGE OF SILVER.

April 8, 1886, in the House of Representatives, House bill 5690, for the free coinage of silver dollars and placing silver on an equality with gold, reported adversely by the Coinage Committee, was pending. Mr. Dibble's amendment to strike out and substitute a provision for the repeal of the act of February 28, 1878, unless silver be remonetized by the concurrent action of the nations of Europe with the United States, was disagreed to—yeas 84—33 Democrats, 51 Republicans; nays 201—139 Democrats, 71 Republicans.

YEAS—84.

Adams, G. E.	Dingley,	Ketcham,	Rockwell,
Allen, C. H.	Dowdne,	Lehlbach,	Sawyer,
Arnot,	Dunham,	Lindsey,	Scott,
Atkinson,	Ely,	Long,	Scranton,
Baker,	Ermontout,	Mahoney,	Seymour,
Bayne,	Evans,	McAdoo,	Shaw,
Beach,	Everhart,	McComas,	Sowden,
Belmont,	Farquhar,	Merriman,	Spooner,
Bingham,	Findlay,	Millard,	Spriggs,
Bliss,	Gallinger,	Milliken,	Stahnecker,
Bound,	Gibson, C. H.	Mitchell,	Stewart, J. W.
Boutelle,	Green, R. S.	Muller,	Stone, E. F.
Bunnell,	Grout,	O'Neill, Charles	Storm,
Burleigh,	Harmer,	Parker,	Strait,
Campbell, Felix	Haynes,	Payne,	Swope,
Campbell, T. J.	Hemphill,	Phelps,	Viele,
Cole,	Hewitt,	Pindar,	Wadsworth,
Collins,	Heistand,	Pulitzer,	Wait,
Davenport,	Hires,	Randall,	Weber,
Davis,	James,	Ranney,	West,
Dibble,	Johnson, A.	Reed, T. B.	Whiting.

NAYS—201.

Anderson, C. M.	Cowles,	Guenther,	Little,
Anderson, J. A.	Cox,	Hale,	Lore,
Ballentine,	Crain,	Hall,	Louttit,
Barbour,	Crisp,	Halsell,	Loving,
Barksdale,	Croxton,	Hammond,	Lowry,
Barnes,	Culberson,	Hanback,	Lynan,
Barry,	Curtin,	Markham,	Markham,
Bennett,	Cutcheon,	Hatch,	Martin,
Blanchard,	Daniel,	Heard,	Matson,
Bland,	Davidson, A. C.	Henderson, D. T.	Maybury,
Blount,	Davidson, R. H. M.	Henderson, J. S.	McCreary,
Boyle,	Dawson,	Henderson, T. J.	McKenna,
Brady,	Dockery,	Hcnley,	McKinley,
Breckinridge, Ark.	Dorsey,	Hepburn,	McMillin,
Breckinridge, Ky.	Dougherty,	Herbert,	McRae,
Brown, W. W.	Dunn,	Hermann,	Miller,
Browne, T. M.	Eden,	Hill,	Moffatt,
Brumm,	Eldredge,	Hitt,	Morgan,
Buchanan,	Ellsberry,	Holman,	Morrill,
Burnes,	Felton,	Holmes,	Morrison,
Burrows,	Fisher,	Hopkins,	Morrow,
Butterworth,	Fleeger,	Houk,	Murphy,
Bynum,	Foran,	Howard,	Neal,
Cabell,	Ford,	Irion,	Neece,
Caldwell,	Forney,	Johnson, J. T.	Oates,
Campbell,	Frederick,	Johnson, T. D.	O'Donnell,
Candler,	Fuller,	Jones, J. H.	O'Ferrall,
Cannon,	Funston,	King,	O'Hara,
Carleton,	Gay,	Kleiner,	O'Neill, J. J.
Catchings,	Geddes,	Laffoon,	Osborne,
Clardy,	Gillfillan,	La Follette,	Outhwaite,
Clements,	Glass,	Laird,	Owen,
Cobb,	Glover,	Landes,	Payson,
Comstock,	Goff,	Lanham,	Peel,
Conger,	Green, W. J.	Lawler,	Perkins,
Cooper,	Grosvenor,	Le Fevre,	Perry,

Peters,	Skinner,	Taylor, Zach.	Weaver, J. B.
Plumb,	Smalls,	Thomas, O. B.	Wellborn,
Price,	Snyder,	Thompson,	Wheeler,
Reagan,	Springer,	Throckmorton,	White, A. C.
Reid, J. W.	Steele,	Tillman,	White, Milo
Richardson,	Stephenson,	Trigg,	Wilkins,
Robertson,	Stewart, Chas.	Tucker,	Willis,
Rogers,	St. Martin,	Turner,	Wilson,
Romels,	Stone, W. J., Mo.	Van Eaton,	Wise,
Rowell,	Struble,	Wade,	Wolford,
Ryan,	Symes,	Wakefield,	Woodburn,
Sayers,	Tarney,	Ward, J. H.	Worthington
Seney,	Taulbee,	Warner, A. J.	
Sessions,	Taylor,	Warner, Wm.	
Singleton,	Taylor, J. M.	Weaver, A. J.	

The bill H. R. 5690 was then rejected. Yeas 130—96 Democrats, 30 Republicans; nays 163—70 Democrats, 93 Republicans.
(See CONGRESSIONAL RECORD, volumes 77, 78.)

REDEMPTION OF TRADE DOLLAR.

December 17, 1886, in the Senate, Senate bill 190, for the exchange to July 1, 1887, of trade for standard dollars, and to be sent to mints for coinage as part of the bullion to be purchased under act of February 28, 1878, was passed without division.
(See CONGRESSIONAL RECORD, volume 84.)

In the House of Representatives, February 12, 1887, Senate bill 190 was pending. Lanham's amendment, as substituted, authorizing the receipt of trade dollars for Government dues and for exchange for standard dollars, and for coining the same into standard dollars, not as part of the bullion and coinage, under act of February 28, 1878, was agreed to on division—yeas 127, nays 90—and passed—yeas 174, nays 36, and went to conference. The committee of conference reported a substitute, providing for the exchange for six months from date of trade for standard dollars or subsidiary coins, and for coining of the same not to be counted, under act of February 28, 1878. In the Senate this amendment was agreed to. Yeas 49—23 Democrats, 26 Republicans; nays 5—2 Democrats, 3 Republicans. In the House of Representatives it was agreed to without division.

(See CONGRESSIONAL RECORD, volume 85.)

The bill became a law without the approval of the President.

FIFTIETH CONGRESS.

Executive—Democratic.

Senate—46 Republicans, 37 Democrats.

House—169 Democrats, 152 Republicans, 2 Labor, 2 Independents.

PURCHASE OF UNITED STATES BONDS.

In the House of Representatives, on February 29, 1888, House bill 5034, authorizing the application of the surplus in the Treasury to the purchase or redemption of United States bonds, was passed.

(See CONGRESSIONAL RECORD, volume 101.)

[H. R. 5034.]

In the Senate, on March 26, 1888, Senator Spooner's substitute, declaring section 2 of the sundry civil appropriation law of June 30, 1882, "a permanent provision," was agreed to. Senator Beck offered a section, directing the Secretary of the Treasury on the retirement of national bank circulation and failure of other such banks to take out equal amount, then to purchase an equivalent amount of silver bullion in excess of the minimum required under the law of February 28, 1878, to be coined and used as provided in said act; which was agreed to—yeas 38—22 Democrats, 16 Republicans; nays 13—2 Democrats, 11 Republicans. No action in the House of Representatives.

[Declaratory resolution of the House on subject of purchase or redemption of bonds.]

April 16, 1888, Mr. Wilkins (Democrat) offered a resolution declaring it to be the sense of the House that the provision in the sundry civil bill of March 3, 1881, permitting the Secretary of the Treasury to apply the surplus to the purchase or redemption of bonds, was intended to be a permanent provision of law and in full force and effect. Agreed to—yeas 138, nays 64. (See CONGRESSIONAL RECORD, volumes 90-91.)

FIFTY-FIRST CONGRESS.

Executive—Republican.

Senate—47 Republicans, 37 Democrats.

House—173 Republicans, 154 Democrats, 1 Wheeler, 1 vacancy.

SILVER BULLION BILL.

[In House.]

June 5, 1890, in the House of Representatives, House bill 5381, known as the Windom silver bullion purchase bill, was pending. Mr. BLAND moved to recommit, with instructions to report back a bill for the free coinage of silver. Yeas 116—101 Democrats, 14 Republicans, 1 Independent; nays 140—12 Democrats, 128 Republicans.

YEAS—116.

Abbott,	Cooper, Ind.	Lane,	Robertson,
Alderson,	Cothran,	Lanham,	Rogers,
Allen, Mich.	Cowles,	Lee,	Rowland,
Allen, Miss.	Crain,	Lester, Ga.	Sayers,
Anderson,	Crisp,	Lester, Va.	Seney,
Bankhead,	Culberson, Tex.	Lewis,	Shively,
Barnes,	Davidson,	Mansur,	Skinner,
Bartine,	De Haven,	Martin, Ind.	Springer,
Barwig,	Dockery,	McClammy,	Stewart, Tex.
Biggs,	Edmunds,	McClellan,	Stockdale,
Blanchard,	Ellis,	McCreary,	Stone, Ky.
Bland,	Enloe,	McRae,	Stone, Mo.
Blount,	Featherston,	Montgomery,	Tarsney,
Breckinridge, Ark.	Forney,	Moore, Tex.	Tillman,
Breckinridge, Ky.	Fowler,	Morgan,	Townsend, Colo.
Brickner,	Funston,	Morrow,	Tucker,
Brookshire,	Gibson,	Oates,	Turner, Ga.
Buchanan, Va.	Goodnight,	O'Ferrall,	Turner, Kans.
Bullock,	Grimes,	O'Neill, Ind.	Vandever,
Bynum,	Hatch,	Outhwaite,	Walker, Mo.
Candler, Ga.	Hayes,	Owens, Ohio	Washington,
Carter,	Haynes,	Parrett,	Wheeler, Ala.
Caruth,	Heard,	Peel,	Whithorne,
Catchings,	Henderson, N. C.	Pennington,	Wilkins,
Chipman,	Herbert,	Perkins,	Williams, Ill.
Clancy,	Holman,	Perry,	Wilson, Mo.
Clarke, Ala.	Kelley,	Reilly,	Wilson, W. Va.
Cobb,	Kilgore,	Richardson,	Yoder.
Connell,			

101 Democrats, 14 Republicans, 1 Wheeler.

NAYS—140.

Adams,	Dingley,	Lacey,	Rife,
Arnold,	Dolliver,	La Follette,	Rockwell,
Atkinson, Pa.	Dorsey,	Laidlaw,	Rowell,
Atkinson, W. Va.	Dunnell,	Laws,	Russell,
Baker,	Dunphy,	Lind,	Sanford,
Banks,	Elliott,	Lodge,	Sawyer,
Bayne,	Evans,	Maish,	Scranton,
Beckwith,	Ewart,	Mason,	Scull,
Belden,	Farquhar,	McComas,	Sherman,
Belknap,	Finley,	McCord,	Simonds,
Bergen,	Flick,	McCormick,	Smith, W. Va.
Bingham,	Flood,	McDuffie,	Smyser,
Boothman,	Flower,	McKinley,	Snider,
Boutelle,	Frank,	Miles,	Stephenson,
Bowden,	Gear,	Moffitt,	Stivers,
Brewer,	Geissenhainer,	Moore, N. H.	Stockbridge,
Brosius,	Gest,	Morrill,	Struble,
Brower,	Gifford,	Morse,	Sweeney,
Browne, Va.	Greenhalge,	Mudd,	Taylor, E. B.
Buchanan, N. J.	Grosvenor,	Mutcher,	Taylor, Ill.
Burrows,	Hall,	Nute,	Taylor, Tenn.
Burton,	Hansbrough,	O'Donnell,	Tracey,
Butterworth,	Harmer,	O'Neill, Mass.	Van Schaick,
Caldwell,	Hangen,	O'Neill, Pa.	Venable,
Cannon,	Hemphill,	Payne,	Walker, Mass.
Caswell,	Henderson, Ill.	Payson,	Wallace, N. Y.
Cheadle,	Henderson, Iowa	Pickler,	Wickham,
Clark, Wis.	Hill,	Pugsley,	Wiley,
Cogswell,	Hitt,	Quackenbush,	Williams, Ohio
Coleman,	Hopkins,	Quinn,	Wilson, Ky.
Comstock,	Houk,	Raines,	Wilson, Wash.
Conger,	Kennedy,	Ray,	Wright,
Craig,	Kerr, Iowa	Reed, Iowa	Yardley.
Dalzell,	Ketcham,	Reyburn,	
Dargan,	Kinsey,		

127 Republicans, 13 Democrats.
The substitute offered by Mr. Conger was then passed. Yeas 135—135 Republicans, not a Democrat; nays 119—112 Democrats, 7 Republicans.
(CONGRESSIONAL RECORD, volume 108.)
In Senate, June 17, the bill (H. R. 5381) was reported by the Finance Committee of the Senate with sundry amendments; while it was pending Mr. Plumb offered an amendment for free and unlimited coinage; which was agreed to. Yeas 43—28 Democrats, 15 Republicans; nays 24—3 Democrats, 21 Republicans. The bill so amended into a free, unlimited coinage measure was passed. Yeas 42—27 Democrats, 15 Republicans; nays 25—3 Democrats, 22 Republicans.
(CONGRESSIONAL RECORD, volume 21, part 7, page 6183.)

YEAS—42.

Bate,	George,	Morgan,	Squire,
Berry,	Gorman,	Paddock,	Stewart,
Blodgett,	Harris,	Pasco,	Teller,
Butler,	Hearst,	Payne,	Turpie,
Call,	Ingalls,	Pierce,	Vanco,
Cameron,	Jones of Ark.	Plumb,	Vest,
Cockrell,	Jones of Nev.	Power,	Voorhees,
Coke,	Kenna,	Pugh,	Walthall,
Colquitt,	Manderson,	Ransom,	Wolcott.
Daniel,	Mitchell,	Reagan,	
Eustis,	Moody,	Sanders,	

NAYS—25.

Aldrich,	Dawes,	Hiscock,	Spooner,
Allen,	Edmunds,	Hoar,	Stockbridge,
Allison,	Everts,	McPherson,	Washburn,
Blair,	Frye,	Morrill,	Wilson of Md.
Casey,	Gray,	Platt,	
Chandler,	Hale,	Sawyer,	
Cullom,	Hawley,	Sherman,	

PAIRS.

YEA.	NAY.	YEA.	NAY.
Hampton,	Dixon,	Pettigrew,	Higgins,
Brown,	Dolph,	Blackburn,	McMillan,
Faulkner,	Quay,	Stanford,	Wilson of Iowa.

[In House (H. R. 5381).]

After long wrangling in the House of Representatives June 25, a vote was had on the Senate free-coinage amendment. Yeas 135—113 Democrats, including the Hon. ROGER Q. MILLS, 21 Republicans, 1 Independent; nays 122—22 Democrats, 130 Republicans.

YEAS—135.

Abbott,	Cobb,	Oates,
Alderson,	Connell,	O'Ferrall,
Allen, Miss.	Cooper, Ind.	O'Neill, Ind.
Anderson, Kans.	Cothran,	Owens, Ind.
Anderson, Miss.	Cowles,	Owens, Ohio
Bankhead,	Crain,	Parrett,
Barnes,	Crisp,	Paynter,
Bartine,	Culbertson, Tex.	Peel,
Blanchard,	Cummings,	Pennington,
Bland,	Davidson,	Perkins,
Blount,	De Haven,	Perry,
Boatner,	Dockery,	Peters,
Breckinridge, Ark.	Dorsey,	Post,
Breckinridge, Ky.	Edmonds,	Reilly,
Brickner,	Elliott,	Richardson,
Brookshire,	Ellis,	Robertson,
Brown, J. B.	Enloe,	Rowland,
Brunner,	Featherston,	Sayers,
Buchanan, Va.	Fithian,	Shively,
Bullock,	Forman,	Skinner,
Bunn,	Forney,	Smith, Ill.
Bynum,	Fowler,	Springer,
Candler, Ga.	Funston,	Stewart, Ga.
Carlton,	Gibson,	Stewart, Tex.
Carter,	Gifford,	Stockdale,
Caruth,	Goodnight,	Stone, Ky.
Catchings,	Grimes,	Stone, Mo.
Chipman,	Hare,	Tarmey,
Clarke, Ala.	Hatch,	Tillman,
Clements,	Haynes,	

Townsend, Colo. Venable,
Tucker, Wade,
Turner, Ga. Washington,
Turner, Kans. Wheeler, Ala.
Williams, Ill.
112 Democrats, 22 Republicans, 1 Wheeler.

NAYS—152.

Adams,	Craig,	La Follette,	Sanford,
Allen, Mich.	Culbertson, Pa.	Laidlaw,	Sawyer,
Andrew,	Cutcheon,	Lansing,	Scranton,
Arnold,	Dargan,	Lehlbach,	Scull,
Atkinson, Pa.	Darlington,	Lind,	Sherman,
Baker,	De Lano,	Lodge,	Simonds,
Banks,	Dingley,	Maish,	Smith, W. Va.
Bayne,	Dolliver,	Mason,	Smyser,
Beckwith,	Dunnell,	McAdoo,	Snider,
Belden,	Dunphy,	McComas,	Spinoia,
Belknap,	Evans,	McCord,	Spooner,
Bergen,	Farquhar,	McDuffie,	Stephenson,
Bingham,	Finley,	McKenna,	Stewart, Vt.
Bliss,	Flick,	McKinley,	Stivers,
Boothman,	Flood,	Miles,	Stockbridge,
Boutelle,	Flower,	Milliken,	Struble,
Bowden,	Frank,	Moffitt,	Stump,
Brewer,	Gear,	Moore, N. H.	Sweeney,
Brosius,	Geissenhainer,	Morey,	Taylor, E. B.
Brower,	Gest,	Morse,	Taylor, Ill.
Browne, Va.	Greenhalge,	Mudd,	Taylor, Tenn.
Buckalew,	Grout,	Mutcher,	Thomas,
Burrows,	Hall,	Niedringhaus,	Townsend, Pa.
Burton,	Hansbrough,	O'Donnell,	Tracy,
Butterworth,	Harmer,	O'Neill, Mass.	Turner, N. Y.
Caldwell,	Haugen,	O'Neill, Pa.	Vandever,
Campbell,	Henderson, Ill.	Payne,	Van Schaick,
Candler, Mass.	Henderson, Iowa	Payson,	Vaux,
Cannon,	Hill,	Pugsley,	Waddill,
Caswell,	Hitt,	Quackenbush,	Wallace, Mass.
Cheadle,	Hopkins,	Quinn,	Wallace, N. Y.
Cheatham,	Houk,	Raines,	Watson,
Clancy,	Kennedy,	Reed, Iowa	Wiley,
Cogswell,	Kerr, Iowa	Reyburn,	Wilcox,
Coleman,	Ketcham,	Rife,	Wilson, Ky.
Comstock,	Kinsey,	Rowell,	Wilson, Wash.
Conger,	Knapp,	Rusk,	Wright,
Covert,	Lacey,	Russell,	Yardley.

130 Republicans, 22 Democrats.

The Senate amendments were then nonconcurrent in and conference had. The conference report was agreed to in the Senate July 10, by a vote of 59 yeas, all Republicans, and 26 nays, all Democrats, and in the House of Representatives, July 12, by 122 yeas—121 Republicans, 1 Independent (Featherstone), and 90 nays, all Democrats.

The conferees agreed to a bill with sundry amendments. The conference committee substituted in the bill as it passed 4,500,000 ounces for \$4,500,000, and they modified the legal tenders "except where otherwise expressly stipulated in the contracts," and they substituted for the bullion redemption provision a requirement that upon demand the Secretary of the Treasury shall redeem the notes in gold or silver coin in his discretion—and the declaration that it is the established policy of the United States to maintain a parity between the two metals at the present legal ratio, or such ratio as may be provided by law, and to require 2,000,000 ounces of the bullion purchased to be coined monthly into dollars until July 1, 1891.
(See CONGRESSIONAL RECORD, volume 110.)

FREE COINAGE.

[In Senate.]

On January 5, 1891, Mr. STEWART moved to consider Senate bill 4675, replacing the Federal election bill. That was agreed to. Yeas 34—26 Democrats, 8 Republicans; nays, 29 Republicans.

On January 14, 1891, Mr. STEWART moved a free-coinage amendment to the bill, which had been laid aside up to that time. That was agreed to. Yeas 42—35 Democrats, 16 Republicans; nays 30—5 Democrats, 27 Republicans.

Mr. Vest offered a free and unlimited coinage provision as a substitute, and that was agreed to. Yeas 39—24 Democrats and 15 Republicans; nays 27—1 Democrat and 26 Republicans.

[CONGRESSIONAL RECORD, volume 116, page 1223.]

YEAS—39.

Allen,	Eustis,	Manderson,	Stanford,
Barbour,	Faulkner,	Mitchell,	Stewart,
Bate,	Gibson,	Morgan,	Teller,
Berry,	Gorman,	Paddock,	Turpie,
Blackburn,	Hampton,	Pasco,	Vanco,
Butler,	Ingalls,	Power,	Vest,
Cameron,	Jones of Ark.	Pugh,	Voorhees,
Cockrell,	Jones of Nev.	Reagan,	Walthall,
Coke,	Kenna,	Sanders,	Wolcott.
Daniel,	McConnell,	Shoup,	

NAYS—27.

Aldrich,	Dolph,	Hiscock,	Spooner,
Allison,	Edmunds,	Hoar,	Stockbridge,
Caroy,	Everts,	McMillan,	Warren,
Casey,	Frye,	Platt,	Washburn,
Cullom,	Hale,	Quay,	Wilson of Iowa,
Davis,	Hawley,	Sawyer,	Wilson of Md.
Dixon,	Higgins,	Sherman,	

PAIRS.

YEA.	NAY.	YEA.	NAY.
George,	Blair,	Squire,	Blodgett,
Ransom,	Gray,	Colquitt,	Dawes,
Harris,	Morrill,	Call,	Pettigrew.

January 15, 1891, in the House of Representatives the bill S. 4675 was referred to the Coinage Committee and reported February 21, 1891, adversely, and by order of the committee placed on the Calendar, and no further action was had.

In the House of Representatives, February 6, 1891, on the sundry civil appropriation bill, Mr. BLAND moved a free-coinage amendment, but was ruled out on a point of order. Then Mr. BLAND appealed from the decision of the Speaker, and the ruling of the Speaker was sustained—yeas 134—7 Democrats, 127 Republicans; nays 127—116 Democrats, 11 Republicans.
(See CONGRESSIONAL RECORD, volume 117.)

FIFTY-SECOND CONGRESS.

Executive—Republican.
Senate—47 Republicans, 39 Democrats, 2 Independents.
House—235 Democrats, 88 Republicans, 9 People's Party, 2 vacancies.

FREE-COINAGE BILL.

In the House of Representatives, March 24, 1892, House bill 4426, for the free coinage of silver, etc., was pending. On motion of Mr. BURROWS to lay on table the yeas were 148—80 Democrats, 68 Republicans; nays 149—130 Democrats, 12 Republicans, 7 People's Party.

YEAS—148.

Amersman,	Craig, Pa.	Huff,	Powers,
Andrew,	Crosby,	Hull,	Quackenbush,
Atkinson,	Cummings,	Johnson, Ind.	Raines,
Bacon,	Curtis,	Johnson, N. Dak.	Randall,
Barwig,	Cutting,	Ketcham,	Ray,
Belden,	Dalzell,	Kribbe,	Rayner,
Belknap,	Daniell,	Lagan,	Reed,
Beltzhoover,	De Forest,	Lapham,	Reynolds,
Bentley,	Dingley,	Lind,	Rife,
Berges,	Doan,	Little,	Robinson, Pa.
Bingham,	Dolliver,	Lockwood,	Russell,
Boutelle,	Dunphy,	Lodge,	Scully,
Bowman,	Eggleston,	Loud,	Seerley,
Brawley,	Fellows,	Lynch,	Shonk,
Brickner,	Fitch,	Magner,	Smith,
Brosius,	Flick,	McAleer,	Sperry,
Brunner,	Geary,	McDonald,	Stephenson,
Buchanan, N. J.	Geisselheimer,	McGann,	Stevens,
Bunting,	Gillespie,	McGaughey,	Stone, C. W.
Burrows,	Greenleaf,	McKenna,	Storer,
Bushnell,	Griswold,	McKinney,	Stout,
Cable,	Groat,	Meyer,	Stamp,
Cadmus,	Hall,	Müller,	Taylor, Ill.
Caldwell,	Hallowell,	Milliken,	Taylor, J. D.
Castle,	Hamilton,	Mitchell,	Tracey,
Cauley,	Harmer,	Mitchler,	Walker,
Chapin,	Harter,	Newberry,	Warner,
Chipman,	Haugen,	O'Donnell,	Wang,
Clancy,	Hayes, Iowa,	O'Neill, Mass.	Weaver,
Cobb, Mo.	Haynes, Ohio,	O'Neill, Pa.	Wheeler, Mich.
Coburn,	Henderson, Iowa,	Outhwaite,	Willcox,
Cockran,	Hitt,	Page, R. I.	Williams, Mass.
Cogswell,	Hoar,	Page, Md.	Wilson, Ky.
Coolidge,	Hooker, N. Y.	Pattison, Ohio,	Wilson, Wash.
Coombs,	Hopkins, Pa.	Payne,	Wilson, W. Va.
Covert,	Hopkins, Ill.	Perkins,	Wolverton,
Cox, N. Y.	Houk, Tenn.	Post,	Wright,

NAYS—149.

Abbott,	Crain, Tex.	Lanham,	Rockwell,
Alderson,	Crawford,	Lawson, Ga.	Sayers,
Alexander,	Culbertson,	Lawson, Va.	Scott,
Allen,	Davis,	Layton,	Shell,
Arnold,	De Armond,	Lester, Ga.	Shively,
Babbitt,	Dickerson,	Lewis,	Simpson,
Bailey,	Dixon,	Livingston,	Snodgrass,
Baker,	Dockery,	Long,	Snow,
Bankhead,	Dungan,	Mallory,	Stackhouse,
Bartine,	Edmunds,	Mansur,	Steward, Ill.
Beeman,	Ellis,	Martin,	Stewart, Tex.
Blanchard,	Epes,	McClellan,	Stockdale,
Bland,	Everett,	McCreary,	Stone, Ky.
Blount,	Fithian,	McKeighan,	Sweet,
Bowers,	Forney,	McMillin,	Taylor, Va.
Branch,	Fowler,	McRae,	Terry,
Breckinridge, Ark.	Funston,	Meredit,	Tillman,
Breckinridge, Ky.	Fran,	Mills,	Townsend,
Bretz,	Ganis,	Montgomery,	Tucker,
Broderick,	Goodnight,	Moses,	Turner,
Brookshire,	Gorman,	Norton,	Turpin,
Bryan,	Grady,	O'Ferrall,	Warwick,
Buckanan, Va.	Halverson,	O'Neill, Mo.	Washington,
Bullock,	Hare,	Otis,	Watson,
Bunn,	Harries,	Owens,	Weedock,
Bussey,	Hatch,	Parrott,	Wheeler, Ala.
Butler,	Heard,	Patterson, Tenn.	White,
Bynum,	Hemphill,	Paynter,	Whiting,
Byrns,	Henderson, N. C.	Pearson,	Williams, N. C.
Caminetti,	Herman,	Pendleton,	Williams, Ill.
Capehart,	Houk, Ohio,	Pickler,	Wilson, Mo.
Caruth,	Johnson, Ohio,	Pierce,	Winn,
Cate,	Jolley,	Price,	Wise,
Clark, Wyo.	Kem,	Reilly,	Youmans,
Clarke, Ala.	Kilgore,	Richardson,	Speaker (Crisp).
Cobb, Ala.	Kyle,	Robertson, La.	
Cowles,	Lane,		
Cox, Tenn.			

A motion to reconsider was agreed to—yeas 150, nays 148; and the motion to lay on table again defeated—yeas 145, nays 149. After continued filibustering the House adjourned, and no further action was had. (See CONGRESSIONAL RECORD, volume 122.)

FREE-COINAGE BILL IN SENATE.

In the Senate July 1, 1892, Senate bill 51 for free coinage, complete as amended, passed. Yeas 29—17 Democrats, 10 Republicans, 2 Independents; nays 25—7 Democrats, 18 Republicans. Sixteen paired for and 16 against it—13 Democrats and 3 Republicans paired for, and 2 Democrats and 14 Republicans against. Counting votes and pairs the yeas would be 45—30 Democrats, 13 Republicans, 2 Independents; nays 41—9 Democrats, 32 Republicans.

YEAS—29.

Allen,	Dubois,	Mills,	Stewart,
Bate,	Faulkner,	Mitchell,	Teller,
Berry,	George,	Morgan,	Turpie,
Blackburn,	Harris,	Peffer,	Vest,
Bodgett,	Hill,	Ransom,	Wolcott,
Butler,	Jones of Nev.	Sanders,	
Cameron,	Kenna,	Shoup,	
Cockrell,	Kyle,	Squire,	

NAYS—25.

Allison,	Dixon,	Hawley,	Stockbridge,
Brice,	Dolph,	McPherson,	Warren,
Carey,	Felton,	Manderson,	Washburn,
Carlisle,	Gallinger,	Palmer,	White,
Cullom,	Gorman,	Perkins,	
Davis,	Gray,	Proctor,	
Dawes,	Hale,	Sawyer,	

PAIRS.

YEA.	NAY.	YEA.	NAY.
Walthall,	Aldrich,	Varco,	McMillan,
Call,	Chandler,	Pasco,	Casey,
Coke,	Frye,	Pettigrew,	Vilas,
Colquitt,	Wilson, Iowa,	Fugh,	Hoar,
Daniel,	Hansbrough,	Gordon,	Quay,
Hunt,	Platt,	Power,	Higgins,
Irby,	Sherman,	Voorhees,	Morrill,
Jones of Ark.	Hiscock,		

(See CONGRESSIONAL RECORD, volume 23, part 6.)

In the House of Representatives, July 5, 1892, the bill (S. 51) was referred to the Coinage Committee. July 6, Mr. TRACER's motion to refer the bill to the Committee on Banking and Currency was disagreed to—yeas 43, nays 129. Other filibustering motions were resorted to.

July 13, Mr. CATCHINGS, from the Committee on Rules, reported a resolution to consider Senate bill 51. The previous question on the same was ordered. Yeas 102—101 Democrats, 61 Republicans; nays 130—114 Democrats and 16 Republicans and Independents. The resolution was then rejected. Yeas 136—118 Democrats, 9 Republicans, and 9 Alliance; nays 151—94 Democrats, 60 Republicans. (See CONGRESSIONAL RECORD, volume 125.)

FIFTY-THIRD CONGRESS.

Executive, Senate, and House—Democratic.

BILL TO REPEAL "SHERMAN" ACT.

On August 11, 1893, Mr. WILSON of West Virginia introduced a bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes."

For this bill Mr. BLAND proposed the following substitute:

"A bill for the free coinage of silver, and for other purposes.

"SECTION 1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That from and after the passage of this act all holders of silver bullion to the amount of \$100 or more, of standard weight and fineness, shall be entitled to have the same coined at the Mint of the United States into silver dollars of the weight and fineness provided for in the second section of this act.

"SEC. 2. That the silver dollar provided for in this act shall consist of 412½ grains of standard silver. Said dollars to be a legal tender for all debts, dues, and demands, both public and private.

"SEC. 3. That the holder of the silver dollars herein provided for shall be entitled to deposit the same and receive silver certificates in the manner now provided by law for the standard silver dollars.

"SEC. 4. That so much of the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' as requires the monthly purchase of 4,500,000 ounces of silver bullion be, and the same is hereby, repealed."

Mr. BLAND also submitted the following special order, to wit:

"Ordered, That the bill H. R. 1 shall be taken up for immediate consideration and considered for fourteen days. During such consideration night sessions may be held, for debate only, at the request of either side. The daily sessions to commence at 11 a. m. and continue until 5 p. m. Eleven days of the debate on the bill to be given to general debate under the rules of the last House regulating general debate, the time to be equally divided between the two sides as the Speaker may determine. The last three days of debate may be devoted to the consideration of the bill and the amendments herein provided for, under the usual five-minute rule of the House, as in Committee of the Whole House. General leave to print is hereby granted.

"Order of amendments: The vote shall be taken first on an amendment providing for the free coinage of silver at the present ratio. If that fail, then a separate vote to be had on a similar amendment proposing a ratio of 17 to 1; if that fail, on one proposing a ratio of 18 to 1; if that fail, on one proposing a ratio of 19 to 1; if that fail, on one proposing a ratio of 20 to 1. If the above amendments fail, it shall be in order to offer an amendment reviving the act of the 28th of February, 1878, restoring the standard silver dollar, commonly known as the Bland-Allison Act; the vote then to be taken on the engrossment and third reading of the bill as amended, or on the bill itself if all amendments shall have been voted down, and on the final passage of the bill without other intervening motions."

This resolution was agreed to, and under its provisions the House considered and debated the various propositions mentioned therein, and on August 23, 1893, the House voted on the several propositions, as follows:

Free coinage at 16 to 1:

YEAS—125.

Abbott,	Clark, Mo.	Hall, Mo.	McLaurin,
Aitken,	Cobb, Ala.	Harris,	McMillin,
Alexander,	Cockrell,	Hartman,	McRae,
Allen,	Coffeen,	Hatch,	Meredit,
Arnold,	Conn,	Heard,	Money,
Bailey,	Cooper, Tex.	Henderson, N. C.	Montgomery,
Baker, Kans.	Cox,	Holman,	Morgan,
Bankhead,	Crawford,	Hooker, Miss.	Moses,
Bell, Colo.	Culbertson,	Hudson,	Murray,
Black, Ga.	Curtis, Kans.	Hunter,	Neill,
Blanchard,	Davis,	Hutcheson,	Newlands,
Bland,	De Armond,	Jones,	O'Ferrall,
Boatner,	Denson,	Kem,	Paynter,
Boen,	Dismore,	Kilgore,	Peaca,
Bower, N. C.	Dockery,	Kyle,	Pendleton, Tex.
Bowers, Cal.	Donovan,	Lane,	Pickler,
Branch,	Doolittle,	Latimer,	Post,
Bretz,	Edmunds,	Lawson,	Richardson, Mich.
Broderick,	Ellis, Ky.	Lester,	Richardson, Tenn.
Brookshire,	Enloe,	Livingston,	Robbins,
Bryant,	Epes,	Lucas,	Robertson, La.
Bunn,	Fithian,	Maddox,	Sayers,
Burnes,	Funston,	Maguire,	Sibley,
Caminetti,	Fyan,	Marshall,	Simpson,
Cannon, Cal.	Geary,	McCulloch,	Snodgrass,
Capehart,	Goodnight,	McDearmon,	Stallings,
	Grady,	McKeighan,	Stockdale,

Stone, Ky.
Strait,
Swanson,
Sweet,
Talbert, S. C.

Tarsney,
Tate,
Taylor, Ind.
Terry,
Turpin,

Tyler,
Wheeler, Ala.
Whiting,
Williams, Ill.
Williams, Minn.

Wilson, Wash.
Woodard.

Yeas—Democrats, 101; Republicans, 13; Populists, 11.

NAYS—227.

Adams,
Alderson,
Aldrich,
Apsley,
Avery,
Babcock,
Baker, N. H.
Baldwin,
Barnes,
Bartholdt,
Bartlett,
Barwig,
Belden,
Beltzhoover,
Berry,
Bingham,
Black, Ill.
Blair,
Boutelle,
Brattan,
Brawley,
Breckinridge, Ark.
Breckinridge, Ky.
Brickner,
Brosius,
Brown,
Burrows,
Bynum,
Cabanias,
Candrus,
Caldwell,
Campbell,
Cannon, Ill.
Caruth,
Catchings,
Causey,
Chickering,
Childs,
Clancy,
Clarke, Ala.
Cobb, Mo.
Cockran,
Cogswell,
Compton,
Coombs,
Cooper, Fla.
Cooper, Ind.
Cooper, Wis.
Cornish,
Cousins,
Covert,
Crain,
Cummings,
Curtis, N. Y.
Dalzell,
Daniels,
Davey,

De Forest,
Dingley,
Dolliver,
Draper,
Dunn,
Dunphy,
Durborow,
Ellis, Oreg.
English,
Erdman,
Everett,
Fellows,
Fielder,
Fitch,
Fletcher,
Forman,
Funk,
Gardner,
Gear,
Geissenhainer,
Gillett, N. Y.
McAleer,
McCall,
McClary, Minn.
McCreary, Ky.
McDannold,
McDowell,
McEttrick,
McGann,
McKag,
McNagy,
Meiklejohn,
Mercer,
Meyer,
Milliken,
Mutchler,
Northway,
Oates,
O'Neill, Mass.
O'Neill, Pa.
Outhwaite,
Page,
Paschal,
Patterson,
Payne,
Pearson,
Pendleton, W. Va.
Perkins,
Phillips,
Pigott,
Powers,
Randall,
Ray,
Rayner,

Johnson, Ohio
Joy,
Kiefer,
Kribbs,
Lacey,
Lapham,
Layton,
Lefever,
Lilly,
Linton,
Lisle,
Lockwood,
Loud,
Loudenslager,
Lynch,
Magner,
Mahon,
Mallory,
Marsh,
Martin, Ind.
Marvin, N. Y.
McAleer,
McCall,
McClary, Minn.
McCreary, Ky.
McDannold,
McDowell,
McEttrick,
McGann,
McKag,
McNagy,
Meiklejohn,
Mercer,
Meyer,
Milliken,
Mutchler,
Northway,
Oates,
O'Neill, Mass.
O'Neill, Pa.
Outhwaite,
Page,
Paschal,
Patterson,
Payne,
Pearson,
Pendleton, W. Va.
Perkins,
Phillips,
Pigott,
Powers,
Randall,
Ray,
Rayner,

Reed,
Reilly,
Reyburn,
Richards,
Ritchie,
Robinson, Pa.
Rusk,
Russell, Conn.
Russell, Ga.
Ryan,
Schermerhorn,
Scranton,
Settle,
Shaw,
Sherman,
Sickles,
Sipe,
Smith,
Somers,
Sperry,
Springer,
Stephenson,
Stevens,
Stone, C. W.
Stone, W. A.
Storer,
Strong,
Talbot, Md.
Tawney,
Taylor, Tenn.
Thomas,
Tracey,
Tucker,
Turner,
Updegraff,
Van Voorhis, N. Y.
Van Voorhis, Ohio.
Wadsworth,
Walker,
Wanger,
Warner,
Washington,
Waugh,
Weadock,
Wells,
Wever,
Wheeler, Ill.
White,
Wilson, Ohio
Wilson, W. Va.
Wise,
Wolverton,
Woomer,
Wright, Mass.
Wright, Pa.

Caldwell,
Campbell,
Cannon, Ill.
Caruth,
Catchings,
Causey,
Chickering,
Childs,
Clancy,
Clarke, Ala.
Cobb, Mo.
Cockran,
Cogswell,
Compton,
Conn,
Coombs,
Cooper, Fla.
Cooper, Ind.
Cornish,
Cousins,
Covert,
Cummings,
Curtis, N. Y.
Dalzell,
Daniels,
Davies,
De Forest,
Dingley,
Dolliver,
Draper,
Dunn,
Dunphy,
Durborow,
English,
Erdman,
Everett,
Fellows,
Fielder,
Fitch,
Fletcher,
Forman,
Funk,
Gardner,
Gear,
Geary,
Geissenhainer,
Gillett, N. Y.
Gillett, Mass.

Goldzier,
Gorman,
Gresham,
Grosvenor,
Grout,
Hager,
Hainer,
Haines,
Hall, Minn.
Hammond,
Hare,
Harmer,
Harries,
Harter,
Haugen,
Hayes,
Heiner,
Henderson, Ill.
Henderson, Iowa
Hendrix,
Hepburn,
Hicks,
Hines,
Hitt,
Holman,
Hooker, N. Y.
Hopkins, Ill.
Houk, Ohio
Houk, Tenn.
Hulick,
Hull,
Johnson, Ind.
Johnson, N. Dak.
Johnson, Ohio
Joy,
Kem,
Kiefer,
Kribbs,
Lacey,
Lapham,
Latimer,
Layton,
Lefever,
Lilly,
Lisle,
Lockwood,
Loud,
Loudenslager,

Lynch,
Magner,
Maguire,
Mahon,
Martin, Ind.
Marvin, N. Y.
McAleer,
McCall,
McClary, Minn.
McCreary, Ky.
McDannold,
McDowell,
McEttrick,
McGann,
McKag,
McKeighan,
McLaurin,
McNagy,
Mercer,
Meyer,
Milliken,
Morse,
Mutchler,
Northway,
O'Neill, Mass.
O'Neill, Pa.
Outhwaite,
Page,
Patterson,
Payne,
Pearson,
Pendleton, W. Va.
Perkins,
Phillips,
Pigott,
Post,
Powers,
Randall,
Ray,
Rayner,
Reed,
Reilly,
Reyburn,
Richards,
Ritchie,
Robinson, Pa.
Rusk,
Russell, Conn.

Ryan,
Schermerhorn,
Scranton,
Settle,
Shaw,
Sherman,
Sickles,
Sipe,
Smith,
Somers,
Sperry,
Springer,
Stephenson,
Stevens,
Stone, C. W.
Stone, W. A.
Storer,
Strait,
Strong,
Sweet,
Talbert, S. C.
Talbot, Md.
Tawney,
Taylor, Ind.
Taylor, Tenn.
Thomas,
Tracey,
Updegraff,
Van Voorhis, N. Y.
Van Voorhis, Ohio
Wadsworth,
Walker,
Wanger,
Warner,
Washington,
Waugh,
Wells,
Wever,
Wheeler, Ill.
Wilson, Ohio
Wilson, W. Va.
Wise,
Wolverton,
Woomer,
Wright, Mass.
Wright, Pa.

Restoration of Bland-Allison Act:

YEAS—136.

Abbott,
Aitken,
Alderson,
Alexander,
Allen,
Arnold,
Bailey,
Baker, Kans.
Bankhead,
Bell, Colo.
Bell, Tex.
Black, Ga.
Blanchard,
Bland,
Boatner,
Boen,
Bower, N. C.
Bowers, Cal.
Branch,
Bretz,
Brookshire,
Bryan,
Bunn,
Burnes,
Caminetti,
Cannon, Cal.
Capehart,
Clark, Mo.
Cobb, Ala.
Cockrell,
Coffeen, Wyo.
Conn,
Cooper, Tex.
Cox,

Crawford,
Culberson,
Davis,
De Armond,
Denson,
Dinsmore,
Dockery,
Donovan,
Doolittle,
Edmonds,
Ellis, Ky.
Ellis, Oreg.
Enloe,
Epas,
Fithian,
Fryan,
Goodnight,
Grady,
Hall, Mo.
Hare,
Harris,
Hartman,
Hatch,
Heard,
Henderson, N. C.
Hermann,
Hilborn,
Holman,
Hooker, Miss.
Hopkins, Pa.
Hudson,
Hunter,
Hutcheson,
Hirt,

Jones,
Kem,
Kilgore,
Kie,
Lane,
Latimer,
Lawson,
Lester,
Linton,
Livingston,
Lucas,
Maddox,
Maguire,
Marshall,
McCreary, Ky.
McCulloch,
McDearmon,
McKeighan,
McLaurin,
McMillin,
McRae,
Meredith,
Money,
Montgomery,
Morgan,
Moses,
Murray,
Neill,
Oates,
O'Ferrall,
Paschal,
Paynter,
Pence,
Pendleton, Tex.

Pickler,
Post,
Price,
Richardson, Mich.
Richardson, Tenn.
Ritchie,
Robbins,
Robertson, La.
Russell, Ga.
Sayers,
Sibley,
Simpson,
Snodgrass,
Stallings,
Stockdale,
Stone, Ky.
Strait,
Swanson,
Sweet,
Talbert, S. C.
Tarsney,
Tate,
Taylor, Ind.
Terry,
Tucker,
Turpin,
Tyler,
Weadock,
Wheeler, Ala.
Whiting,
Williams, Ill.
Williams, Miss.
Wilson, Wash.
Woodard.

Yeas—110 Democrats, 15 Republicans, 11 Populists.

NAYS—223.

Adams,
Aldrich,
Apsley,
Avery,
Babcock,
Baker, N. H.
Baldwin,
Barnes,
Bartholdt,
Bartlett,
Barwig,
Belden,
Beltzhoover,
Berry,
Bingham,
Black, Ill.
Blair,
Boutelle,
Brattan,
Brawley,
Breckinridge, Ark.
Breckinridge, Ky.
Brickner,
Broderick,
Brosius,

Brown,
Burrows,
Bynum,
Cabanias,
Candrus,
Caldwell,
Campbell,
Cannon, Ill.
Caruth,
Catchings,
Causey,
Chickering,
Childs,
Clancy,
Clarke, Ala.
Cobb, Mo.
Cockran,
Cogswell,
Compton,
Coombs,
Cooper, Fla.
Cooper, Ind.
Cornish,
Cousins,
Covert,

Crain,
Cummings,
Curtis, Kans.
Curtis, N. Y.
Dalzell,
Daniels,
Davey,
De Forest,
Dingley,
Dolliver,
Draper,
Dunn,
Dunphy,
Durborow,
English,
Erdman,
Everett,
Fellows,
Fielder,
Fitch,
Fletcher,
Forman,
Funk,
Funston,
Gardner,
Hicks,

Gear,
Geary,
Geissenhainer,
Gillett, N. Y.
Gillett, Mass.
Goldzier,
Gorman,
Gresham,
Grosvenor,
Grout,
Hager,
Hainer,
Haines,
Hall, Minn.
Hammond,
Harmer,
Harter,
Haugen,
Hayes,
Heiner,
Henderson, Ill.
Henderson, Iowa
Hendrix,
Hepburn,
Hicks,

Nays—Democrats, 116; Republicans, 111.
Free coinage, at 17 to 1: Yeas 100—Democrats, 84; Republicans, 15; Popu-
lists, 1. Nays 240—Democrats, 128; Republicans, 110; Populists, 2.

Free coinage, at 18 to 1: Yeas 102, nays 230.

Free coinage, at 19 to 1: Yeas 105, nays 230.

Free coinage, at 20 to 1:

YEAS—122.

Abbott,
Aitken,
Alderson,
Alexander,
Allen,
Arnold,
Bailey,
Bankhead,
Bell, Colo.
Bell, Tex.
Black, Ga.
Blanchard,
Bland,
Boatner,
Bower, N. C.
Bowers, Cal.
Branch,
Broderick,
Bunn,
Burnes,
Caminetti,
Cannon, Cal.
Capehart,
Clark, Mo.
Cobb, Ala.
Cockrell,
Coffeen,
Cooper, Tex.
Cox,
Crain,
Crawford,

Culberson,
Curtis, Kans.
De Armond,
Denson,
Dinsmore,
Dockery,
Donovan,
Doolittle,
Edmonds,
Ellis, Ky.
Ellis, Oreg.
Enloe,
Epas,
Fithian,
Funston,
Fryan,
Goodnight,
Grady,
Hall, Mo.
Hartman,
Hatch,
Heard,
Henderson, N. C.
Hermann,
Hilborn,
Hooker, Miss.
Hopkins, Pa.
Hunter,
Hutcheson,
Hirt,
Jones,

Kilgore,
Kie,
Lane,
Lawson,
Lester,
Linton,
Livingston,
Lucas,
Maddox,
Mallory,
Marsh,
Marshall,
McCulloch,
McDearmon,
McMillin,
McRae,
Meiklejohn,
Meredith,
Money,
Montgomery,
Morgan,
Moses,
Murray,
Neill,
Newlands,
Oates,
O'Ferrall,
Paschal,
Paynter,
Pendleton, Tex.

Pickler,
Price,
Richardson, Mich.
Richardson, Tenn.
Robbins,
Robertson, La.
Russell, Ga.
Sayers,
Sibley,
Snodgrass,
Stallings,
Stockdale,
Stone, Ky.
Swanson,
Tarsney,
Tate,
Terry,
Tucker,
Turner,
Turpin,
Tyler,
Weadock,
Wheeler, Ala.
White,
Whiting,
Williams, Ill.
Williams, Miss.
Wilson, Wash.
Woodard.

NAYS—222.

Adams,
Aldrich,
Apsley,
Avery,
Babcock,
Baker, N. H.
Baldwin,
Barnes,

Bartholdt,
Bartlett,
Barwig,
Belden,
Beltzhoover,
Berry,
Bingham,
Black, Ill.

Blair,
Boutelle,
Brattan,
Brawley,
Breckinridge, Ark.
Breckinridge, Ky.
Brickner,
Broderick,

Brookshire,
Brosius,
Brown,
Bryan,
Burrows,
Bynum,
Cabanias,
Candrus,

Hines,
Hitt,
Hooker, N. Y.
Hopkins, Ill.
Houk, Ohio
Houk, Tenn.
Hulick,
Hull,
Johnson, Ind.
Johnson, N. Dak.
Johnson, Ohio
Joy,
Kiefer,
Kribbs,
Lacey,
Lapham,
Layton,
Lefever,
Lilly,
Lisle,
Lockwood,
Loud,
Loudenslager,
Lynch,
Magner,
Mahon,
Mallory,
Marsh,
Martin, Ind.

Nays—103 Democrats, 110 Republicans.
The bill was then passed.

Marvin, N. Y.
McAleer,
McCall,
McCleary, Minn.
McDunnold,
McDowell,
McEttrick,
McGann,
McKaig,
McNagy,
Melkjohn,
Mercer,
Meyer,
Milliken,
Moon,
Morse,
Mutchler,
Northway,
O'Neill, Mass.
O'Neill, Pa.
Outhwaite,
Page,
Patterson,
Payne,
Pearson,
Pendleton, W. Va.
Perkins,
Phillips,
Pigott,

YEAS—230.

Adams,
Alderson,
Aldrich,
Apaley,
Avery,
Babcock,
Baker, N. H.
Baldwin,
Barnes,
Bartholdt,
Bartlett,
Barwig,
Belden,
Belts Hoover,
Berry,
Bingham,
Black, Ga.
Black, Ill.
Blair,
Boutelle,
Bratton,
Brawley,
Breckinridge, Ark.
Breckinridge, Ky.
Bretz,
Brickner,
Brookshire,
Brosius,
Brown,
Bunn,
Burrows,
Bynum,
Cabaniss,
Cadmus,
Caldwell,
Campbell,
Cannon, Cal.
Caruth,
Catchings,
Causey,
Chickering,
Childs,
Clancy,
Clarke, Ala.
Cobb, Mo.
Cockran,
Coggswell,
Compton,
Coombs,
Cooper, Fla.
Cooper, Ind.
Cousins,
Covert,
Crain,
Cummings,
Curtis, N. Y.
Dalzell,
Daniels,
Davey,
De Forest,
Dingley,
Dolliver,
Donovan,
Doolittle,
Draper,
Dunn,
Dunphy,
Durborow,
Edmunds,
English,
Erdman,
Everett,
Fellows,
Fielder,
Fitch,
Fletcher,
Forman,
Funk,
Gardner,
Gear,
Geary,
Gelsenhainer,
Gillett, N. Y.
Gillett, Mass.
Goldzier,
Gorman,
Gresham,
Grosvenor,
Grout,
Haines,
Hall, Minn.
Hammond,
Hare,
Harmer,
Harter,
Haugen,
Hayes,
Heimer,
Henderson, Ill.
Henderson, Iowa
Hendrix,
Hicks,
Hines,
Hitt,
Holman,
Hooker, N. Y.
Hopkins, Ill.
Houk, Ohio
Houk, Tenn.
Hulick,
Hull,
Hunter,
Johnson, Ind.
Johnson, N. Dak.
Johnson, Ohio
Joy,
Kiefer,
Kribbs,

Yeas—Democrats, 138; Republicans, 101.

NAYS—108.

Abbott,
Aitken,
Alexander,
Allen,
Arnold,
Bailey,
Baker, Kans.
Bankhead,
Bell, Colo.
Bell, Tex.
Blanchard,
Bland,
Boen,
Bower, N. C.
Bowers, Cal.
Branch,
Broderick,
Bryan,
Burnes,
Caminetti,
Cannon, Ill.
Clark, Mo.
Cobb, Ala.
Coffee,
Cooper, Tex.
Cox,
Crawford,
Culbertson,
Curtis, Kans.
Davis,
De Armond,
Denson,
Dinsmore,
Dockery,
Ellis, Ky.
Ellis, Oreg.
Enloe,
Epea,
Fithian,
Funston,
Fyan,
Goodnight,
Grady,
Hager,
Hainer,
Hall, Mo.
Harris,
Hartman,
Hatch,
Heard,
Henderson, N. C.
Hepburn,
Hermann,
Hilborn,

Talbot, Md.
Tawney,
Taylor, Tenn.
Thomas,
Tracey,
Turner,
Updegraff,
Van Voorhis, N. Y.
Van Voorhis, Ohio
Wadsworth,
Walker,
Wanger,
Warner,
Washington,
Waugh,
Wells,
Wever,
Wheeler, Ill.
White,
Wilson, Ohio
Wilson, W. Va.
Wise,
Wolverton,
Woomer,
Wright, Mass.
Wright, Pa.

Reilly,
Reyburn,
Richards, Ohio
Richardson, Mich.
Ritchie,
Robinson, Pa.
Rusk,
Russell, Conn.
Russell, Ga.
Ryan,
Schermerhorn,
Scranton,
Settle,
Shaw,
Sherman,
Sickles,
Sipe,
Somers,
Sperry,
Springer,
Stephenson,
Stevens,
Stone, C. W.
Stone, W. A.
Stone, Ky.
Storer,
Strong,
Swanson,
Talbot, Md.
Tawney,
Taylor, Ind.
Thomas,
Tracey,
Tucker,
Turner,
Turpin,
Tyler,
Updegraff,
Van Voorhis, N. Y.
Van Voorhis, Ohio
Wadsworth,
Walker,
Wanger,
Warner,
Washington,
Waugh,
Weadock,
Wells,
Wever,
Wheeler, Ill.
White,
Whiting,
Wilson, Ohio
Wilson, W. Va.
Wise,
Wolverton,
Woomer,
Wright, Mass.
Wright, Pa.

McCulloch,
McDearmon,
McKeighan,
McLaurin,
McRae,
Meiklejohn,
Money,
Morgan,
Moses,
Murray,
Neill,
Newlands,
Pence,
Pickler,
Richardson, Tenn.
Robbins,
Robertson, La.
Sayers,
Sibley,
Simpson,
Smith,
Snodgrass,
Stallings,
Stockdale,
Strait,
Sweet,
Talbot, S. C.

Tarsney,
Tate,
Taylor, Tenn.
Terry,
Wheeler, Ala.
Williams, Ill.
Williams, Miss.
Wilson, Wash.
Woodward.

Nays—Democrats, 74; Republicans, 24; Populists, 11.

In Senate, August 23, 1893, H. R. 1 reported from the Committee on Finance by Mr. VOORHEES (Democrat) with an amendment, substituting Senate bill 570.

This report of the substitute by Mr. VOORHEES represented the majority of the Finance Committee of the Senate, composed of 11 Senators—6 Democrats and 5 Republicans—and was favored by 2 Democrats (Messrs. VOORHEES and MCPHERSON) and 4 Republicans (Messrs. MORRILL, SHERMAN, ALDRICH, and ALDRICH), and was opposed by the minority, 4 Democrats (Messrs. HARRIS, Vance, WEST, and JONES of Arkansas) and by 1 Republican (Mr. JONES of Nevada).

[October 17, 1893.]

Amendment intended to be proposed by Mr. QUAY to the amendment reported by the Senate Committee on Finance to the bill (H. R. 1), etc.

This act shall take effect on the 1st day of January, 1894.

[October 27, 1893.]

By Mr. PEPPER:

The SECRETARY. After the word "repealed," at the end of line 13 of the amendment of the committee, insert the following additional sections:

"SEC. 2. That any owner of gold bullion or silver bullion in condition fit for coinage, and of the coin value of \$50 or more, may deliver the same at any mint to the proper officers thereof, and it shall be formed into coins for the benefit of the depositor in the manner provided by the act of Congress approved January 18, 1837, and in all respects according to the provisions of said act, all of which provisions, so far as the same are or may be applicable hereto, are hereby revived and reenacted, except that the inscriptions and devices of the coins of like denominations now current shall be placed on the coins authorized by this act, and double eagles may be coined as provided in the act of February 12, 1873.

"SEC. 3. That all acts and parts of acts inconsistent with the provisions of this act are hereby repealed.

"SEC. 4. That this act shall take effect and be in force thirty days after its passage."

The result was announced—yeas 23, nays 39; as follows:

YEAS—23.

Allen,
Bate,
Berry,
Blackburn,
Butler,
Call,
Coke,

Daniel,
Dubois,
George,
Harris,
Irby,
Jones of Ark.
Jones of Nev.

Kyle,
Martin,
Pasco,
Peffer,
Power,
Pugh,
Roach,

Shoup,
Stewart,
Teller,
Vance,
Vest,
Walthall,
Wolcott.

NAYS—39.

Aldrich,
Caffery,
Camden,
Carey,
Cullom,
Davis,
Dixon,
Dolph,
Faulkner,
Frye,

Gallinger,
Gibson,
Gorman,
Gray,
Hale,
Higgins,
Hill,
Hoar,
Lindsay,
Lodge,

McMillan,
McPherson,
Manderson,
Mitchell of Wis.
Morrill,
Murphy,
Palmer,
Perkins,
Proctor,
Quay,

Ransom,
Sherman,
Smith,
Stockbridge,
Turpie,
Vilas,
Voorhees,
Washburn,
White of La.

NOT VOTING—18.

Allison,
Brice,
Cameron,
Chandler,
Cockrell,

Colquitt,
Gordon,
Hansbrough,
Hawley,
Huntton,

Mills,
Mitchell of Oreg.
Morgan,
Pettigrew,
Platt,

Squire,
White of Cal.
Wilson.

So the amendment to the amendment was rejected.

The VICE-PRESIDENT. The question recurs upon agreeing to the amendment reported by the Committee on Finance.

The result was announced—yeas 58, nays 9; as follows:

YEAS—58.

Aldrich,
Berry,
Blackburn,
Butler,
Caffery,
Camden,
Carey,
Cockrell,
Cullom,
Daniel,
Davis,
Dixon,
Dolph,
Faulkner,
Frye,

Gallinger,
George,
Gibson,
Gorman,
Gray,
Hale,
Harris,
Higgins,
Hill,
Hoar,
Huntton,
Jones of Ark.
Jones of Nev.
Lindsay,
Lodge,

McMillan,
McPherson,
Manderson,
Mitchell of Wis.
Morrill,
Murphy,
Palmer,
Perkins,
Proctor,
Quay,
Ransom,

Sherman,
Smith,
Stewart,
Stockbridge,
Teller,
Turpie,
Vest,
Vilas,
Voorhees,
Washburn,
White of La.
Wolcott.

NAYS—9.

Allen,
Bate,
Call,

Coke,
Irby,

Kyle,
Peffer,

Roach,
Vance.

NOT VOTING—18.

Allison,
Brice,
Cameron,
Chandler,
Colquitt,

Dubois,
Gordon,
Hansbrough,
Hawley,
Mills,

Mitchell of Oreg.
Morgan,
Pettigrew,
Platt,
Shoup,

Squire,
White of Cal.
Wilson.

So the amendment was agreed to.

Mr. PERKINS. Mr. President, I desire to offer an amendment to the pending bill, which I ask may be read.

The VICE-PRESIDENT. The amendment proposed by the Senator from California will be read.

The SECRETARY. It is proposed to strike out all after the word "repealed," in line 13 of the substitute of the Committee on Finance, and insert:

"SEC. —. That the mints of the United States shall be open to the coinage of silver of proved American production at the same ratio now existing between gold and silver, with a minting or seigniorage charge of 20 per cent, which shall be paid into the Treasury of the United States."

"SEC. —. That hereafter no gold pieces for circulation of a less denomination than \$10 be coined, and no more legal tender, national currency, or Treasury notes of a less denomination than \$5 be issued."

"SEC. —. That the holder of any standard silver dollars which have been or may hereafter be coined may deposit the same with the Treasurer or any assistant treasurer of the United States in any sum, and receive therefor notes of denominations less than \$10 only, which notes shall have the same legal-tender quality as the coin for which they are exchanged. The coin deposited for or representing the said notes shall be retained in the Treasury for the payment of the same on demand."

"SEC. —. That in order to protect the mints against imposition no silver shall be coined under this act except such as is produced by smelters situated in the United States, and shall be stamped, marked, or molded as directed by the Secretary of the Treasury, who is hereby authorized to appoint such officers or agents and fix their compensation and prescribe such rules and regulations as may be necessary to carry this act into effect."

"SEC. —. That there shall be appointed a commission of five monetary experts, the members whereof shall not be otherwise connected with the Government, whose duty it shall be to keep Congress and the Executive advised on all necessary matters relating to the currency."

[October 28, 1893.]

Mr. SHERMAN. Mr. President, I was nearly through. I intended to offer an amendment, if it had been thought wise to offer any amendments to the bill, but I do not think now, under the circumstances, it is wise. It is better to let the amendments fall, and let the bill, which has been debated so fully, stand. But, in order to express my idea in the fewest possible terms, I ask the Secretary to read the proposed section which was intended to be offered to the bill. I do not offer it, but simply ask that it be read as part of my remarks.

The VICE-PRESIDENT. The Secretary will read as requested.

The Secretary read as follows:

"SEC. —. That to enable the Secretary of the Treasury to maintain the parity of all forms of money coined or issued by the United States, and to strengthen and maintain the reserve in the Treasury authorized and required by the act entitled 'An act to provide for the resumption of specie payment,' the Secretary of the Treasury is authorized to issue from time to time as required for such purposes, in a sum not exceeding in the aggregate \$200,000,000, coupon or registered bonds of the United States in such form as he may prescribe and of denominations of \$50, or some multiple of that sum, redeemable in coin of the present standard value at the pleasure of the United States after three years from the date of their issue and bearing interest payable semiannually in such coin at the rate of 3 per cent per annum. The said bonds and the interest thereon shall be exempt from the payment of all taxes or duties of the United States as well as from taxation of any form by or under State, municipal, or local authority, and the said bonds shall have set forth and expressed upon their face the above specified conditions, and shall with their coupons be made payable at the Treasury of the United States. The proceeds of such bonds shall be used for the purposes defined in this section and none other."

[October 28, 1893.]

Mr. STEWART. I offer my amendment, then, as a substitute for the amendment of the Senator from California, and upon it I shall ask for the yeas and nays.

Mr. HARRIS. Let the amendment be reported.

The VICE-PRESIDENT. The amendment proposed by the Senator from Nevada will be reported.

The SECRETARY. After section 1 it is proposed to insert:

Amendment intended to be proposed by Mr. STEWART to the bill (H. R. 1) to repeal the act of July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," viz: After section 1 insert the following:

"SEC. 2. That the silver coins of the United States shall be composed of standard silver. That of the silver coins the dollar shall be of the weight of 412 grains; the half dollar of the weight of 206 grains; the quarter dollar of the weight of 103 grains; and the dime, or tenth part of a dollar, of the weight of 41 grains. And that dollars, half dollars, quarter dollars, and dimes shall be legal tenders of payment, according to their nominal value, for any sum whatever."

"SEC. 3. That silver bullion brought to any mint of the United States for coinage shall be received and coined by the proper officers for the benefit of the depositor: *Provided*, That it shall be lawful to refuse, at the mint, any deposit of less value than \$100, and any bullion so base as to be unsuitable for the operations of the mint: *And provided further*, That it shall be lawful to refuse, at the mint, any deposit of silver coin or bullion which is not the product of the mines and smelters of the United States."

"SEC. 4. That the depositor of silver bullion at any mint of the United States for coinage, as hereinbefore provided, shall receive therefor 80 per cent of the coinage value thereof either in silver coin or in Treasury notes of the United States hereinafter described, and the remaining 20 per cent of such bullion shall be coined and covered into the Treasury; such Treasury notes shall be prepared and issued by the Secretary of the Treasury in such form and in such denominations, not less than \$1 nor more than \$1,000, as he may prescribe; and such Treasury notes shall be redeemable on demand at the Treasury of the United States or at the office of any assistant treasurer of the United States in silver coin; and such Treasury notes shall be a legal tender in payment of all debts, public and private."

The yeas and nays were ordered.

The result was announced—yeas 29, nays 30; as follows:

YEAS—29.

Allen,	Daniel,	Martin,	Teller,
Bate,	Dubois,	Peffer,	Vance,
Berry,	George,	Perkins,	Vest,
Blackburn,	Harris,	Power,	Walthall,
Butler,	Irby,	Pugh,	Wolcott,
Call,	Jones of Ark.	Roach,	
Cockrell,	Jones of Nev.	Shoup,	
Coke,	Kyle,	Stewart,	

NAYS—30.

Aldrich,	Carey,	Dolph,	Gibson,
Brice,	Cullom,	Faulkner,	Gray,
Caffery,	Davis,	Frye,	Hale,
Camden,	Dixon,	Gallinger,	Higgins,

Hill,	Mills,	Proctor,	Stockbridge,
Hoar,	Mitchell of Wis.	Quay,	Vilas,
Lindsay,	Morrill,	Ransom,	Voorhees,
Lodge,	Murphy,	Sherman,	Washburn,
McMillan,	Palmer,	Smith,	White of La.
Manderson,	Pasco,	Squire,	

NOT VOTING—17.

Allison,	Gorman,	Mitchell of Oreg.	White of Cal.
Cameron,	Hansbrough,	Morgan,	Wilson.
Chandler,	Hawley,	Pettigrew,	
Colquitt,	Hunton,	Platt,	
Gordon,	McPherson,	Turpie,	

So the amendment to the amendment was rejected.

The VICE-PRESIDENT. The question recurs on agreeing to the amendment proposed by the Senator from California [Mr. PERKINS].

Mr. PERKINS. I desire to have the amendment offered by me yesterday read by the Secretary for the information of the Senate, after which I desire to call for the yeas and nays upon the question.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. Strike out all after line 13 in the amendment of the committee already agreed to, and insert:

"SEC. —. That the mints of the United States shall be open to the coinage of silver of proved American production at the same ratio now existing between gold and silver, with a minting or seigniorage charge of 20 per cent, which shall be paid into the Treasury of the United States."

"SEC. —. That hereafter no gold pieces for circulation of a less denomination than \$10 be coined, and no more legal-tender, national currency, or Treasury notes of a less denomination than \$5 be issued."

"SEC. —. That the holder of any standard silver dollars which have been or may hereafter be coined may deposit the same with the Treasurer or any assistant treasurer of the United States in any sum, and receive therefor notes of denominations of five and ten dollars only, which notes shall have the same legal-tender quality as the coin for which they are exchanged. The coin deposited for or representing the said notes shall be retained in the Treasury for the payment of the same on demand."

"SEC. —. That in order to protect the mints against imposition no silver shall be coined under this act except such as is produced by smelters or other saving devices situated in the United States, and shall be stamped, marked, or molded as directed by the Secretary of the Treasury, who is hereby authorized to appoint such officers or agents and fix their compensation and prescribe such rules and regulations as may be necessary to carry this act into effect."

"SEC. —. That there shall be appointed a commission of five monetary experts, the members whereof shall not be otherwise connected with the Government, whose duty it shall be to keep Congress and the Executive advised on all necessary matters relating to the currency."

Mr. PERKINS. That the question may be voted upon without any corollary, on the straight proposition whether Congress will protect American silver at the average American price at which it has prevailed for the past thirty years, I desire to strike out the last section, blank number, relating to the appointment of a monetary commission, as before stated.

Mr. FRYE (to Mr. PERKINS). You have a right to modify your amendment.

Mr. HARRIS. The Senator from California has a right to modify his amendment.

Mr. PERKINS. Then I desire to withdraw from my amendment the last five lines, 27 to 31, inclusive, relating to the appointment of a commission of five monetary experts.

The VICE-PRESIDENT. The amendment will be so modified.

Mr. PERKINS. Now, I desire to have the question taken on the amendment by yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The result was announced—yeas 30, nays 41; as follows:

YEAS—30.

Allen,	Daniel,	Kyle,	Stewart,
Bate,	Dubois,	Martin,	Teller,
Berry,	Faulkner,	Perkins,	Vance,
Blackburn,	George,	Pettigrew,	Vest,
Butler,	Harris,	Power,	Walthall,
Call,	Irby,	Pugh,	Wolcott,
Cockrell,	Jones of Ark.	Roach,	
Coke,	Jones of Nev.	Shoup,	

NAYS—41.

Aldrich,	Gibson,	Manderson,	Smith,
Brice,	Gorman,	Mills,	Squire,
Caffery,	Gray,	Mitchell of Wis.	Stockbridge,
Camden,	Hale,	Morrill,	Turpie,
Carey,	Higgins,	Murphy,	Vilas,
Cullom,	Hill,	Pasco,	Voorhees,
Davis,	Hoar,	Peffer,	Washburn,
Dixon,	Lindsay,	Proctor,	White of La.
Dolph,	Lodge,	Quay,	
Frye,	McMillan,	Ransom,	
Gallinger,	McPherson,	Sherman,	

NOT VOTING—14.

Allison,	Gordon,	Mitchell of Oreg.	White of Cal.
Cameron,	Hansbrough,	Morgan,	Wilson.
Chandler,	Hawley,	Palmer,	
Colquitt,	Hunton,	Platt,	

So the amendment was rejected.

Mr. BERRY. I offer an amendment as a proviso to the bill.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. Add to the amendment of the committee already agreed to the following proviso:

"*Provided*, That the act of February 23, 1878, entitled 'An act to authorize the coinage of the standard silver dollar and to restore its legal-tender character,' requiring the purchase monthly of not less than two million and not more than four million dollars' worth of silver bullion and the coining of the same as fast as purchased into standard silver dollars, be, and the same is hereby, revised and reenacted into full force and effect."

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Arkansas.

Mr. BERRY. I ask for the yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The result was announced—yeas 33, nays 37; as follows:

YEAS—33.

Allen,	Dubois,	Pasco,	Stewart,
Bate,	Faulkner,	Peffer,	Teller,
Berry,	George,	Perkins,	Vance,
Blackburn,	Harris,	Pettigrew,	Vest,
Butler,	Irby,	Power,	Walthall,
Call,	Jones of Ark.	Pugh,	Wolcott,
Cockrell,	Jones of Nev.	Roach,	
Coke,	Kyle,	Shoup,	
Daniel,	Martin,	Squire,	

NAYS—37.

Aldrich,	Gibson,	McPherson,	Smith,
Brice,	Gorman,	Manderson,	Stockbridge,
Caffery,	Gray,	Mills,	Turpie,
Carey,	Hale,	Mitchell of Wis.	Vilas,
Cullom,	Higgins,	Morrill,	Voorhees,
Davis,	Hill,	Murphy,	Washburn,
Dixon,	Hoar,	Proctor,	White of La.
Dolph,	Lindsay,	Quay,	
Frye,	Lodge,	Ransom,	
Gallinger,	McMillan,	Sherman,	

NOT VOTING—15.

Allison,	Colquitt,	Hunton,	Platt,
Camden,	Gordon,	Mitchell of Oreg.	White of Cal.
Cameron,	Hansbrough,	Morgan,	Wilson.
Chandler,	Hawley,	Palmer,	

So the amendment was rejected.

Mr. ALLEN. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add after the word "repealed," in line 13, the following:

"Provided, That hereafter standard silver shall be coined at the several mints of the United States into dollars, half dollars, quarter dollars and dimes, at the mint ratio of 16 grains of standard silver to 1 grain of standard gold, under the same conditions as to mintage and other charges that are now or may hereafter be in force with reference to the coinage of gold. And it shall be the duty of the Secretary of the Treasury, without necessary delay, to cause all uncoined silver bullion owned by the Government of the United States to be coined into standard silver dollars. All money coined under the provisions of this act shall be a full legal tender for all debts, public and private."

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Nebraska.

Mr. ALLEN. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The roll call having been concluded, the result was announced—yeas 31, nays 41; as follows:

YEAS—31.

Allen,	Daniel,	Kyle,	Shoup,
Bate,	Dubois,	Martin,	Stewart,
Berry,	George,	Pasco,	Teller,
Blackburn,	Harris,	Peffer,	Vance,
Butler,	Hunton,	Pettigrew,	Vest,
Call,	Irby,	Power,	Walthall,
Cockrell,	Jones of Ark.	Pugh,	Wolcott,
Coke,	Jones of Nev.	Roach,	

NAYS—41.

Aldrich,	Gibson,	McPherson,	Smith,
Brice,	Gorman,	Mills,	Squire,
Caffery,	Gray,	Mitchell of Wis.	Stockbridge,
Carey,	Hale,	Morrill,	Turpie,
Cullom,	Higgins,	Murphy,	Vilas,
Davis,	Hill,	Perkins,	Voorhees,
Dixon,	Hoar,	Proctor,	Washburn,
Dolph,	Lindsay,	Quay,	White of La.
Faulkner,	Lodge,	Ransom,	
Frye,	Manderson,	Sherman,	
Gallinger,	McMillan,		

NOT VOTING—13.

Allison,	Colquitt,	Mitchell of Oreg.	Wilson.
Camden,	Gordon,	Palmer,	
Cameron,	Hansbrough,	White of Cal.	
Chandler,	Hawley,		

So the amendment was rejected.

Mr. BLACKBURN. I desire to submit an amendment, which is on the Secretary's desk. I ask that it may be now read.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. It is proposed to add to the bill the following:

"SEC. 2. That on and after the 1st day of January, 1894, any mine owner or smelter producing silver which is derived exclusively from mines situated in the United States or its Territories, and which is of the required fineness, may present the same at any of the mints of the United States, and the same shall be coined free into silver dollars of the present standard, except the seigniorage hereinafter provided for, if presented in sums not less than \$100.

"SEC. 3. That on the 1st day of each month the Secretary of the Treasury shall establish the seigniorage for each following month.

"SEC. 4. That the seigniorage for the coining of silver shall be the difference between the market price of silver bullion and the minted value after coining, which seigniorage shall not be coined, but shall be sold by the Secretary of the Treasury in open market, at home or abroad, at the highest price for gold, which gold shall be held in the Treasury and used only for the purpose of maintaining parity between the two metals.

"SEC. 5. That in fixing or establishing the seigniorage the average price of silver sold by him the month preceding shall control, when he has sold any; otherwise the average price in the cities of London and New York.

"SEC. 6. That in order to protect the mints against imposition no silver shall be coined under this act except such as is produced by smelters situated in the United States, and shall be stamped, marked, or melted as directed by the Secretary of the Treasury, who is hereby authorized to appoint such officers or agents and fix their compensation and prescribe such rules and regulations as may be necessary to carry this act into effect.

"SEC. 7. That the silver bullion sold as heretofore provided shall have its earmarks removed and shall, after sale, lose its privilege."

Mr. WASHBURN. I call for the yeas and nays on the amendment.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The result was announced—yeas 23, nays 42; as follows:

YEAS—23.

Allen,	Dubois,	Martin,	Shoup,
Bate,	Faulkner,	Pasco,	Squire,
Berry,	George,	Perkins,	Teller,
Blackburn,	Hunton,	Pettigrew,	Vance,
Butler,	Irby,	Power,	Vest,
Call,	Jones of Nev.	Pugh,	Walthall,
Daniel,	Kyle,	Roach,	Wolcott,

NAYS—42.

Aldrich,	Gallinger,	McMillan,	Sherman,
Brice,	Gibson,	McPherson,	Smith,
Caffery,	Gorman,	Manderson,	Stewart,
Camden,	Gray,	Mills,	Stockbridge,
Carey,	Hale,	Mitchell of Wis.	Turpie,
Coke,	Harris,	Morrill,	Vilas,
Cullom,	Higgins,	Murphy,	Voorhees,
Davis,	Hill,	Peffer,	Washburn,
Dixon,	Hoar,	Platt,	White of La.
Dolph,	Lindsay,	Proctor,	
Frye,	Lodge,	Quay,	

NOT VOTING—15.

Allison,	Colquitt,	Jones of Ark.	Ransom,
Camden,	Gordon,	Mitchell of Oreg.	White of Cal.
Cameron,	Hansbrough,	Morgan,	Wilson.
Chandler,	Hawley,	Palmer,	
Cockrell,			

So the amendment was rejected.

Mr. STEWART. I offer the amendment which I send to the desk as an additional section to the bill.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add to the bill the following:

"SEC. —. That the President of the United States be, and he hereby is, authorized and directed to invite the several Governments of the Republics of Mexico, Central and South America, Haiti, and Santo Domingo to join the United States in a conference to be held in Washington, in the United States, within nine months from the passage of this act, for the purpose of the adoption of a common silver coin to be issued by each Government, the same to be a legal tender in all commercial transactions between the citizens of all the American States represented in the conference; and when such common coin shall have been agreed upon by the majority of the Governments represented in such conference, and when the mints of the Governments so invited and participating in such conference shall have been opened to the free and unlimited coinage of the common silver coin so agreed upon by the conference for the benefit of depositors of silver bullion, the United States will also open its mints to the free and unlimited coinage of such common silver coin."

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Nevada.

Mr. STEWART. I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

The roll call having been concluded, the result was announced—yeas 22, nays 41; as follows:

YEAS—22.

Allen,	Daniel,	Kyle,	Shoup,
Bate,	Dubois,	Martin,	Squire,
Berry,	George,	Peffer,	Stewart,
Blackburn,	Harris,	Perkins,	Teller,
Butler,	Hunton,	Pettigrew,	Vance,
Call,	Irby,	Power,	Vest,
Cockrell,	Jones of Ark.	Pugh,	Walthall,
Coke,	Jones of Nev.	Roach,	Wolcott,

NAYS—41.

Aldrich,	Gallinger,	McPherson,	Sherman,
Brice,	Gibson,	Manderson,	Smith,
Caffery,	Gorman,	Mills,	Stockbridge,
Camden,	Gray,	Mitchell of Wis.	Turpie,
Carey,	Hale,	Morrill,	Vilas,
Cullom,	Higgins,	Murphy,	Voorhees,
Davis,	Hill,	Pasco,	Washburn,
Dixon,	Hoar,	Platt,	White of La.
Dolph,	Lindsay,	Proctor,	
Faulkner,	Lodge,	Quay,	
Frye,	McMillan,	Ransom,	

NOT VOTING—12.

Allison,	Colquitt,	Hawley,	Palmer,
Camden,	Gordon,	Mitchell of Oreg.	White of Cal.
Chandler,	Hansbrough,	Morgan,	Wilson.

So the amendment was rejected.

Mr. SQUIRE. I offer the amendment of which I heretofore gave notice, and ask that it may be read.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. It is proposed to strike out all after the enacting clause of the bill and insert:

"That hereafter any owner of silver bullion, the product of mines or refineries located in the United States, may deposit the same at any mint of the United States to be formed into standard dollars of the present weight and fineness, for his benefit, as hereinafter stated; but it shall be lawful to refuse any deposits of less value than \$100, or any bullion so base as to be unsuitable for the operation of the mint: *Provided, however,* That there shall only be delivered or paid to the person depositing said silver bullion such number of standard silver dollars as shall equal the commercial value of said silver bullion on the day of deposit, as ascertained and determined by the Secretary of the Treasury; the difference, if any, between the mint or coin value of said standard silver dollars and the commercial value of the silver bullion thus deposited shall be retained by the Government as seigniorage, and the gain or seigniorage arising from such coinage shall be accounted for and paid into the Treasury: *Provided, That the deposits of silver bullion for coinage into*

silver dollars under the provisions of this act shall not exceed the sum of \$2,000,000 per month. The amount of such seigniorage or gain shall be retained in the Treasury as a reserve fund in silver dollars, or such other form of equivalent lawful money as the Secretary of the Treasury may from time to time direct, for the purpose of maintaining the parity of value of every silver dollar, issued under the provisions of this act, with the gold dollar issued by the United States: *Provided further*, That when the number of standard silver dollars coined under the foregoing provision shall reach the sum of \$100,000,000 then all further coinage of silver dollars shall cease.

"Sec. 2. That the said silver dollars shall be a legal tender in all payments at their nominal or coin value.

"Sec. 3. That no certificate shall be issued to represent the silver dollars coined under the provisions of this act.

"Sec. 4. That so much of the act approved July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' as directs the Secretary of the Treasury to purchase from time to time silver bullion to the aggregate amount of 4,500,000 ounces, or so much thereof as may be offered in each month at the market price thereof, not exceeding \$1 for 371.25 grains of pure silver, and to issue in payment for such purchases Treasury notes of the United States, be, and the same is hereby, repealed.

"Sec. 5. That the Secretary of the Treasury is hereby authorized to issue, sell, and dispose of, at not less than par in coin, bonds of the United States bearing interest not to exceed 4 per cent. per annum, payable semiannually, and redeemable at the pleasure of the United States after five years from their date, with like qualities, privileges, and exceptions provided for the bonds at present authorized, to the extent of \$20,000,000, and to use the proceeds thereof for the purpose of maintaining the redemption of the United States notes according to the provisions of the act approved January 14, 1875, and for the further purpose of maintaining all the money of the United States at par with the gold dollar.

"Sec. 6. That hereafter national banking associations shall be entitled to receive from the Comptroller of the Currency, upon compliance with all other terms and requirements of law therefor, circulating notes of different denominations, in blank, registered and countersigned as required by law, to the value at par of the United States bonds on deposit with the Treasurer in trust for the association: *Provided*, That the aggregate sum of such notes for which any association shall be liable at any time shall not exceed the amount of its capital stock at the time actually paid in."

Mr. SQUIRE. I propose to make a change in two places in the text of the amendment in regard to the rate of interest on the bonds and the time for which they shall run. I would modify the amendment by making the rate of interest 3 per cent. and the number of years for which the bonds shall run three instead of five, and I ask the Senate to take a vote on the first two sections of the amendment separately, not including the questions of bonds or the additional national bank circulation; and then I shall ask for separate votes on the bond section and the section authorizing national bank circulation.

The VICE-PRESIDENT. The Senator from Washington desires his amendment to be divided.

The VICE-PRESIDENT. The question is on the amendment proposed by the Senator from Washington.

Mr. HOAR. Let it be read again.

Mr. SQUIRE. The Senator from Massachusetts asks that the amendment be read again.

Mr. MILLS. The two sections to be voted on.

Mr. SQUIRE. Let the Secretary read the two sections to be voted on.

The VICE-PRESIDENT. The first and second sections of the amendment proposed by the Senator from Washington will be read.

The Secretary read as follows:

"That hereafter any owner of silver bullion, the product of mines or refineries located in the United States, may deposit the same at any mint of the United States, to be formed into standard dollars of the present weight and fineness, for his benefit, as hereinafter stated; but it shall be lawful to refuse any deposit of less value than \$100, or any bullion so base as to be unsuitable for the operation of the mint: *Provided, however*, That there shall only be delivered or paid to the person depositing said silver bullion such number of standard silver dollars as shall equal the commercial value of said silver bullion on the day of deposit, as ascertained and determined by the Secretary of the Treasury; the difference, if any, between the mint or coin value of said standard silver dollars and the commercial value of the silver bullion thus deposited shall be retained by the Government as seigniorage, and the gain or seigniorage arising from such coinage shall be accounted for and paid into the Treasury: *Provided*, That the deposits of silver bullion for coinage into silver dollars under the provisions of this act shall not exceed the sum of \$2,000,000 per month. The amount of such seigniorage or gain shall be retained in the Treasury as a reserve fund in silver dollars, or such other form or equivalent lawful money as the Secretary of the Treasury may from time to time direct, for the purpose of maintaining the parity of value of every silver dollar issued under the provisions of this act with the gold dollar issued by the United States: *Provided further*, That when the number of standard silver dollars coined under the foregoing provision shall reach the sum of \$100,000,000 then all further coinage of silver dollars shall cease.

"Sec. 2. That the said silver dollars shall be a legal tender in all payments at their nominal or coin value."

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Washington [Mr. SQUIRE], on which the yeas and nays have been demanded.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The roll call having been concluded, the result was announced—yeas 20, nays 42; as follows:

Bate,	Coke,	Hunton,	Pugh,
Berry,	Daniel,	Irby,	Squire,
Blackburn,	Faulkner,	Martin,	Vance,
Butler,	George,	Pasco,	Vest,
Call,	Harris,	Perkins,	Walthall.

Aldrich,	Gallinger,	McMillan,	Ransom,
Allen,	Gibson,	McPherson,	Sherman,
Brice,	Gorman,	Manderson,	Smith,
Caffery,	Gray,	Mills,	Stockbridge,
Camden,	Hale,	Mitchell of Wis.	Turpie,
Carey,	Higgins,	Morrill,	Vilas,
Cullom,	Hill,	Murphy,	Voorhees,
Davis,	Hoar,	Pfeffer,	Washburn,
Dixon,	Kyle,	Platt,	White of La.
Dolph,	Lindsay,	Proctor,	
Frye,	Lodge,	Quay,	

NOT VOTING—23.

Allison,	Gordon,	Morgan,	Stewart,
Cameron,	Hansbrough,	Palmer,	Teller,
Chandler,	Hawley,	Pettigrew,	White of Cal.
Cockrell,	Jones of Ark.	Power,	Wilson,
Colquitt,	Jones of Nev.	Reach,	Wolcott.
Dubois,	Mitchell of Oreg.	Shoup,	

So the amendment was rejected.

The VICE-PRESIDENT. The Senator from Washington has withdrawn the remaining sections of his amendment.

Mr. ALLEN. I desire to appeal from the ruling of the Chair in permitting the Senator from Washington to withdraw his amendment.

The VICE-PRESIDENT. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. HOAR. I move to lay the appeal on the table.

The motion was agreed to.

Mr. BUTLER. I give notice of an amendment to the bill—the amendment providing for the repeal of what is known as the 10 per cent. tax on State bank circulation. After consultation with the Senator from Indiana and other Senators favorable to the amendment, I have concluded not to press it upon the pending bill. I am assured by the Senator from Indiana that the Committee on Finance will give it prompt consideration as a separate measure, and report it to the Senate. Inasmuch as the indications are that it would be defeated here, possibly by the votes of some Senators who are in favor of it, I shall not insist upon it at this time, and ask leave to withdraw it.

The VICE-PRESIDENT. The Chair hears no objection.

Mr. PEPPER. I move an amendment to be inserted immediately after the repealing clause.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. Add after the word "repealed" in line 13 of the amendment of the committee already agreed to:

"That the Secretary of the Treasury be, and he is hereby, authorized and directed to cause to be prepared immediately Treasury notes to the amount of \$250,000,000, said notes to be in form, dimensions, and general appearance similar to those which have been prepared under the provisions of the act of July 14, 1890. They shall be of the denominations of \$1, \$2, \$5, \$10, and \$20, one-fifth part in value of the total issue to be in each of said denominations; they shall be made payable in lawful money; they shall be received by the Government of the United States, and the officers thereof, for taxes and all public dues, and they shall be lawful money and legal tender, at their face value, in payment of debts to any amount whatever.

"Sec. 3. That said notes shall be printed on paper of the same character, quality, and grade as that now used for United States notes; they shall be prepared in accordance with laws, rules, and regulations now in force applicable to such work, and as fast as they are ready for delivery they shall be deposited in the Treasury and treated as so much available cash, and they shall be paid out the same as other public moneys.

"Sec. 4. That when any of said notes are received in the Treasury in the course of business, they shall be reissued and thus kept in circulation.

"Sec. 5. That this act shall take effect immediately after its passage."

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kansas.

The result was announced—yeas 7, nays 58; as follows:

YEAS—7.

Allen,	Irby,	Peffer,	Stewart.
Call,	Kyle,	Pettigrew,	

NAYS—58.

Aldrich,	Dolph,	Lodge,	Sherman,
Bate,	Dubois,	McMillan,	Shoup,
Berry,	Faulkner,	McPherson,	Smith,
Blackburn,	Frye,	Manderson,	Squire,
Brice,	Gallinger,	Mills,	Stockbridge,
Butler,	George,	Mitchell of Wis.	Turpie,
Caffery,	Gibson,	Morrill,	Vance,
Camden,	Gorman,	Murphy,	Vest,
Carey,	Gray,	Pasco,	Vilas,
Cockrell,	Hale,	Perkins,	Voorhees,
Coke,	Harris,	Platt,	Walthall,
Cullom,	Hill,	Proctor,	Washburn,
Daniel,	Hoar,	Quay,	White of La.
Davis,	Hunton,	Ransom,	
Dixon,	Lindsay,	Reach,	

NOT VOTING—20.

Allison,	Hansbrough,	Martin,	Pugh,
Cameron,	Hawley,	Mitchell of Oreg.	Teller,
Chandler,	Higgins,	Morgan,	White of Cal.
Colquitt,	Jones of Ark.	Palmer,	Wilson,
Gordon,	Jones of Nev.	Power,	Wolcott.

So the amendment was rejected.

Mr. ALLEN. I submit the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. Add to the bill the following additional sections:

"SECTION 1. That from and after the date and passage of this act the unit of value in the United States shall be the dollar, and the same may be coined of 412½ grains of standard silver, or 23.8 grains of standard gold; and the said coin shall be legal tender for all debts, public and private. That hereafter any owner of silver bullion may deposit the same at any mint of the United States, which deposit, less 30 per cent, which shall be deducted therefrom as seigniorage, shall be coined into standard dollars for his benefit and without other charge for coinage than said deduction as seigniorage, which seigniorage shall be coined into standard dollars and covered into the Treasury; but it shall be lawful to refuse any deposit of less value than \$100, or any bullion so base as to be unsuitable for the operation of the mint.

"Sec. 2. That the provision of section 3 of an act to authorize the coinage of the standard silver dollar and to restore its legal-tender character, which became a law February 22, 1873, is hereby made applicable to the coinage in this act provided for.

"Sec. 3. That the certificates provided for in the second section of this act shall be denominations of not less than one nor more than one hundred dollars, and such certificates shall be redeemable in coin of standard value. A sufficient sum to carry out the provisions of this act is hereby appropriated, out of any money in the Treasury not otherwise appropriated.

"Sec. 4. That the certificates provided for in this act, and all silver and gold certificates issued, shall be receivable for all taxes and dues to the United States of every description, and shall be a legal tender for the payment of all debts, public and private.

"Sec. 5. That the owners of bullion deposited for coinage shall have the option to receive coin or its equivalent in the certificates provided for in this act, and such bullion shall be subsequently coined.

"SEC. 6. That on the passage and approval of this act, an act entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' approved July 14, 1890, shall stand repealed."

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Nebraska [Mr. ALLEN].

Mr. STEWART. On that I ask for the yeas and nays.

The yeas and nays were ordered and taken.

The result was announced—yeas 28, nays 42; as follows:

YEAS—28.			
Allen,	Daniel,	Kyle,	Shoup,
Bate,	Dubois,	Martin,	Stewart,
Berry,	George,	Perkins,	Teller,
Blackburn,	Harris,	Pettigrew,	Vance,
Call,	Hunton,	Power,	Vest,
Cockrell,	Irby,	Pugh,	Walthall,
Coke,	Jones of Nev.	Roach,	Wolcott.
NAYS—42.			
Aldrich,	Gallinger,	Manderson,	Sherman,
Brice,	Gibson,	Mills,	Smith,
Caffery,	Gorman,	Mitchell of Wis.	Squire,
Camden,	Gray,	Morrill,	Stockbridge,
Carey,	Hale,	Murphy,	Turpie,
Cullom,	Hill,	Pasco,	Vilas,
Davis,	Hoar,	Peffer,	Voorhees,
Dixon,	Lindsay,	Platt,	Washburn,
Dolph,	Lodge,	Proctor,	White of La.
Faulkner,	McMillan,	Quay,	
Frye,	McPherson,	Ransom,	
NOT VOTING—15.			
Allison,	Colquitt,	Higgins,	Palmer,
Butler,	Gordon,	Jones of Ark.	White of Cal.
Cameron,	Hansbrough,	Mitchell of Oreg.	Wilson.
Chandler,	Hawley,	Morgan,	

So the amendment was rejected.

Mr. PEPPER. I offer an amendment and ask that it may come in after the repealing clause.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. After the word "repealed," in line 13 of the amendment already agreed to, insert:

"SEC. 2. And be it further enacted, That all coins and paper now circulating among the people as currency, including gold coin, silver coin, gold certificates, silver certificates, United States notes, Treasury notes, and national currency shall, according to their several denominations, be of equal exchangeable value and purchasing power; they shall be receivable for taxes and all public dues, and they shall be lawful money and legal tender in payment of debts to any amount whatever."

Mr. PEPPER. * * * I ask for the yeas and nays upon agreeing to the amendment.

The yeas and nays were not ordered.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Kansas (Mr. PEPPER).

The amendment was rejected.

Mr. HARRIS. I believe I will ask the Secretary to read an amendment that I gave notice I would offer, but I do not think I shall ask the Senate at this late hour to vote upon it. It is an amendment that I prepared in a broad spirit of compromise, not even satisfactory to myself, but I want to put it on record.

The VICE-PRESIDENT. The Secretary will read as requested.

The SECRETARY. Strike out all in line 14, page 2, to line 28, inclusive, and insert the following:

"That the seigniorage or profit fund which has resulted from the purchase or coinage of silver bullion shall be coined into silver dollars of standard weight and fineness, with full legal-tender quality, at the rate of not less than \$3,000,000 per month, and such dollars shall be covered into the Treasury."

"SEC. 2. That when all the seigniorage or profit-fund bullion shall have been coined as required by the first section of this act, it shall be the duty of the Secretary of the Treasury to purchase each month silver bullion at the market value in quantities sufficient to coin not less than—dollars each and every month; and he is hereby directed to coin the said bullion monthly, as fast as purchased, into standard silver dollars, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated."

"SEC. 3. That when any paper circulating notes or certificates of whatever character, of denominations less than \$10, issued under authority of the United States, except national bank notes or certificates redeemable only in silver dollars, shall be received at the Treasury or any subtreasury, they shall not be reissued, but shall be assorted, counted, and recorded, and immediately destroyed in accordance with existing provisions of law; and as rapidly as said notes or certificates are destroyed they shall be replaced by an equal amount of like notes or certificates of denominations not less than \$10."

"SEC. 4. That hereafter no national bank note shall be issued of a less denomination than \$10, and all such national bank notes, when received at the Treasury or any subtreasury, shall be destroyed in accordance with law; and the national banking associations whose notes are destroyed under the provisions of this section shall be respectively required to substitute notes of denominations not less than \$10 in lieu of those destroyed."

"SEC. 5. That from and after the passage of this act the coinage of the two-and-one-half-dollar gold piece and the five-dollar gold piece is hereby prohibited, and the coins above named shall not be struck or issued by the mint of the United States; and such coins when received at the Treasury or any subtreasury shall be withdrawn from circulation and recoined into eagles and double eagles, in accordance with law."

"SEC. 6. That the holder of any standard silver dollars which have been or may be coined may deposit the same with the Treasurer or any assistant treasurer of the United States in any sum, and receive therefor notes of denominations less than \$10 only, which notes shall have the same legal-tender quality as the coin for which they are exchanged. The coin deposited for or representing the said notes shall be retained in the Treasury for the payment of the same on demand."

Mr. HARRIS. I left the blank as to the amount of silver that should be monthly purchased or coined in order that any or every Senator might test the sense of the Senate as to such amount. But knowing as I know now that the decree has been entered that no amendment of any character is to be made to the bill, I will not subject the Senate to a vote upon my amendment or any phase of it. I decline to offer it or to ask a vote upon it, but simply desire to put it upon record as an amendment suggested in a broad spirit of

compromise on a question about which there are very honest differences of opinion. It is not entirely satisfactory to myself, and I suppose would not be entirely satisfactory to any other Senator.

Mr. PASCO. I have an amendment to submit which I desire to have printed, and I shall offer it on Monday morning. I have no objection to the arrangement suggested by the Senator from Indiana.

The amendment intended to be proposed by Mr. PASCO is as follows:

Strike out all after the enacting clause and insert:

"SECTION 1. That a commission, to be composed of three citizens of the United States, shall be appointed by the President, by and with the advice and consent of the Senate, to ascertain and determine by the 1st day of January next the fair and just ratio between the actual and intrinsic values of silver and gold, as a basis for the future coinage of silver, as hereinafter provided, without discrimination against either metal for charge for coinage, so that the dollar unit of coinage of both metals may be of equal actual and intrinsic value. And the said commission shall report to the Secretary of the Treasury the result reached by them as soon as practicable after the date hereinbefore named, and he shall thereupon fix and determine the weight of pure and standard silver to be contained in the silver dollar authorized to be coined by this act according to the said report; and the said silver dollars so authorized and thereafter coined shall be of the standard and weight thus fixed and determined by the Secretary of the Treasury."

"SEC. 2. That the coins mentioned in the previous section shall have on them the devices and superscriptions provided for coins of like denomination now coined, and shall be legal tender at their nominal value for all debts and dues, public and private, except when otherwise expressly stipulated by contract; and any owner of silver bullion may deposit the same at the mints of the United States to be coined into dollars of the fineness and weight fixed in accordance with the provisions of the first section of this act."

"SEC. 3. That any holder of the coins authorized by this act may, after the 1st day of March, 1894, deposit the same with the Treasurer or any assistant treasurer of the United States in sums of not less than \$10, and receive therefor certificates of not less than \$10 each, corresponding with the denominations of the United States notes. The coin deposited or representing the certificate shall be retained in the Treasury for the payment of the same on demand. Said certificates shall be receivable for customs, taxes, and all public dues, and when received may be reissued."

"SEC. 4. That the silver bullion deposited for coinage purposes under the provisions of this act shall be subject to the requirements of existing law and the regulations of the mint service governing the methods of determining the amount of pure silver contained and the amount of charges or deductions, if any, to be made."

"SEC. 5. That the Secretary of the Treasury shall, within two years from and after the passage of this act, cause all the silver dollars of the United States heretofore minted, as well as the Treasury notes issued under the law of July 14, 1890, to be withdrawn from circulation by exchanging the same, or causing the same to be exchanged at their nominal value for silver certificates of like denominations, representing silver coins of the weight and fineness provided by this act; and the silver certificates thus issued shall be in all respects similar to those provided for in the preceding section, and shall, like them, be receivable for customs, taxes, and public dues, and when received may be reissued; and that on and after the expiration of the two years above mentioned all the silver dollars as well as the Treasury notes issued under the law of July 14, 1890, shall cease to be legal tender."

"SEC. 6. That all silver dollars coined prior to the passage of this act shall be recoined as early as practicable into coins of the same denomination of the weight and fineness authorized by section 1 of this act."

"SEC. 7. That the Secretary of the Treasury is hereby authorized to adopt such rules and regulations, in accordance with the coinage laws of the United States, as may be necessary to enforce the provisions of this act."

"SEC. 8. That a sum sufficient to carry out the provisions of this act is hereby appropriated out of any moneys in the Treasury not otherwise appropriated."

"SEC. 9. That the act entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' approved July 14, 1890, and all other acts and parts of acts authorizing the purchase of silver bullion for the purpose of coining the same into silver dollars be, and the same are hereby, repealed."

The bill was reported to the Senate as amended.

The VICE-PRESIDENT. The amendment made as in Committee of the Whole will be considered as concurred in, if there be no objection.

Mr. HARRIS. Let the vote be taken upon concurring in the amendment.

The VICE-PRESIDENT. The Chair will state that the bill is in the Senate, and the question is upon concurring in the amendment made as in Committee of the Whole.

Mr. VOORHEES. Which was the report of the Finance Committee.

The VICE-PRESIDENT. Which was the report of the Finance Committee.

The amendment was concurred in.

[October 30, 1893.]

Mr. STEWART. I have another amendment which I desire to offer for the reduction of the gold in our gold coinage 25 per cent. I ask that the amendment be read at the desk, and then I shall give a word of explanation.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add to the bill the following:

"That the gold coins of the United States shall be a one-dollar piece, a quarter eagle, or two-and-a-half-dollar piece, a three-dollar piece, a half eagle or five-dollar piece, an eagle or ten-dollar piece, and a double eagle or twenty-dollar piece; and the weight of standard gold of the gold dollar shall be 19.35 grains; of the quarter eagle or two-and-a-half-dollar piece, 48.375 grains; of the three-dollar piece, 58.06 grains; of the half eagle or five-dollar piece, 96.75 grains; of the eagle or ten-dollar piece, 193.50 grains; of the double eagle or twenty-dollar piece, 387 grains, which coins shall be a legal tender in all payments at their nominal value."

The VICE-PRESIDENT. There is no other amendment pending.

Mr. PASCO. I ask that my proposed amendment be read.

The VICE-PRESIDENT. The Secretary will read the amendment.

The SECRETARY. It is proposed to strike out all after the enacting clause and insert:

[For amendment see above.]

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The result was announced—yeas 20, nays 47; as follows:

YEAS—20.			
Bate,	Cockrell,	Hunton,	Perkins,
Berry,	Coke,	Irby,	Pugh,
Blackburn,	Daniel,	Jones of Ark.	Vance,
Butler,	Faulkner,	Martin,	Vest,
Cameron,	Harris,	Pasco,	Walthall.

NAYS—47.

Aldrich,	George,	McMillan,	Ransom,
Allen,	Gibson,	McPherson,	Roach,
Brice,	Gorman,	Manderson,	Sherman,
Caffery,	Gray,	Mills,	Smith,
Camden,	Hale,	Mitchell of Wis.	Squire,
Carey,	Hawley,	Morrill,	Stockbridge,
Cullom,	Higgins,	Murphy,	Turpie,
Davis,	Hill,	Peffer,	Vilas,
Dixon,	Hoar,	Pettigrew,	Voorhees,
Dolph,	Kyle,	Platt,	Washburn,
Frye,	Lindsay,	Proctor,	White, La.
Gallinger,	Lodge,	Quay,	

NOT VOTING—18.

Allison,	Gordon,	Palmer,	White of Cal.
Call,	Hansbrough,	Power,	Wilson,
Chandler,	Jones of Nev.	Shoup,	Wolcott.
Colquitt,	Mitchell of Oreg.	Stewart,	
Dubois,	Morgan,	Teller,	

So the amendment was rejected.

The VICE-PRESIDENT. If there be no further amendment to the bill, the question is, Shall the amendment be engrossed and the bill be read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The VICE-PRESIDENT. The question is, Shall the bill pass?

Mr. STEWART and Mr. TELLER called for the yeas and nays; and they were ordered.

The Secretary proceeded to call the roll.

The result was announced—yeas 43, nays 32; as follows:

YEAS—43.

Aldrich,	Gallinger,	Lodge,	Ransom,
Brice,	Gibson,	McMillan,	Sherman,
Caffery,	Gorman,	McPherson,	Smith,
Camden,	Gray,	Manderson,	Squire,
Carey,	Hale,	Mills,	Stockbridge,
Cullom,	Hawley,	Mitchell of Wis.	Turpie,
Davis,	Higgins,	Morrill,	Vilas,
Dixon,	Hill,	Murphy,	Voorhees,
Dolph,	Hoar,	Platt,	Washburn,
Faulkner,	Huntton,	Proctor,	White of La.
Frye,	Lindsay,	Quay,	

NAYS—32.

Allen,	Coke,	Kyle,	Roach,
Bate,	Daniel,	Martin,	Shoup,
Berry,	Dubois,	Pasco,	Stewart,
Blackburn,	George,	Peffer,	Teller,
Butler,	Harris,	Perkins,	Vance,
Call,	Irby,	Pettigrew,	West,
Cameron,	Jones of Ark.	Power,	Walthall,
Cockrell,	Jones of Nev.	Pugh,	Wolcott.

NOT VOTING—10.

Allison,	Gordon,	Morgan,	Wilson.
Chandler,	Hansbrough,	Palmer,	
Colquitt,	Mitchell of Oreg.	White of Cal.	

So the bill was passed.

IN THE HOUSE.

[October 31, 1893.]

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Cox, its Secretary, announced that the Senate had passed, with an amendment, the bill (H. R. 1) to repeal a part of an act, approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," in which the concurrence of the House was requested.

[November 1, 1893.]

The SPEAKER also laid before the House a bill (H. R. 1) to repeal a part of an act, approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," with amendment of the Senate thereto.

The SPEAKER. The Clerk will report the amendment.

The amendment was read, as follows:

"Strike out all after the enacting clause and insert:

"That so much of the act approved July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' as directs the Secretary of the Treasury to purchase from time to time silver bullion to the aggregate amount of 4,500,000 ounces, or so much thereof as may be offered in each month at the market price thereof, not exceeding \$1 for 371.25 grains of pure silver, and to issue in payment for such purchases Treasury notes of the United States, be, and the same is hereby, repealed. And it is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby further declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetalism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts."

Mr. WILSON of West Virginia. Mr. Speaker, I move to concur in the amendment of the Senate to the House bill which has just been read, and on that I demand the previous question.

The SPEAKER (having put the question on ordering the previous question). The previous question is ordered. [Applause.] There will now be fifteen minutes for debate on each side. The Chair recognizes the gentleman from West Virginia [Mr. WILSON] to control the fifteen minutes in favor of the

proposition, and will afterwards recognize the gentleman from Missouri [Mr. BLAND] to control the time in opposition.

Mr. BLAND. Mr. Speaker, I desire to have read at the Clerk's desk an amendment that I expect to offer to this bill. At the proper time I shall move to recommit this bill to the Committee on Coinage, Weights, and Measures, with instructions to report it back with this amendment.

The Clerk read as follows:

"Add to the Senate amendment the following:
"And to provide for carrying into effect the policy of the foregoing declaration and that so much of the act of January 18, 1837, in regard to the establishment of a mint and relating to the coins of the United States as relates to and provides for the coinage of the standard silver dollar of 412½ grains of standard silver, be, and the same is hereby, revived and reenacted into full force and effect."

The SPEAKER. The gentleman from Missouri [Mr. BLAND], as the Chair understands, desires to make a motion to recommit.

Mr. BLAND. I move to recommit the bill to the Committee on Coinage, Weights, and Measures, with instructions to report it back with the amendment which I ask the Clerk to read.

The Clerk read as follows:

"Add to the Senate amendment the following:
"And to provide for carrying into effect the policy of the foregoing declaration and that so much of the act of January 18, 1837, in regard to the establishment of a mint and relating to the coins of the United States as relates to and provides for the coinage of the standard silver dollar of 412½ grains of standard silver is hereby revived and reenacted into full force and effect."

The SPEAKER. The question is on the motion to recommit, as made by the gentleman from Missouri.

Mr. WILSON of West Virginia. I demand the previous question on that motion.

The SPEAKER. Without objection, the previous question will be considered as ordered.

There was no objection.

The SPEAKER (having put the question on the motion to recommit). The yeas seem to have it.

Mr. BLAND. I call for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 100, nays 176, not voting 68; as follows:

YEAS—100.

Aitken,	Crawford,	Hunter,	Richardson, Mich.
Alderson,	Culbertson,	Hutcheson,	Richardson, Tenn.
Alexander,	Curtis, Kans.	Ikert,	Robbins,
Allen,	Davis,	Jones,	Robertson, La.
Arnold,	De Armond,	Kem,	Sayers,
Halley,	Denson,	Kilgore,	Shell,
Baker, Kans.	Dinsmore,	Kyle,	Sibley,
Bankhead,	Dockery,	Lane,	Snodgrass,
Bell, Colo.	Donovan,	Latimer,	Stallings,
Bell, Tex.	Doolittle,	Livingston,	Stockdale,
Black, Ga.	Edmonds,	Maddox,	Strait,
Blanchard,	Ellis, Oreg.	Maguire,	Swanson,
Bland,	Epos,	Mallory,	Sweet,
Boatner,	Fithian,	Marsh,	Talbot, S. C.
Boen,	Funston,	Marshall,	Tarney,
Bower, N. C.	Fyan,	McCulloch,	Tate,
Branch,	Geary,	McDearmon,	Taylor, Ind.
Broderick,	Grady,	McKeighan,	Terry,
Brookshire,	Hall, Mo.	McLaurin,	Turpin,
Bryan,	Harris,	McMillin,	Tyler,
Burnes,	Hartman,	McRae,	Wheeler, Ala.
Cannon, Cal.	Heard,	Meredith,	Whiting,
Capehart,	Henderson, N. C.	Money,	Williams, Ill.
Clark, Mo.	Hermann,	Morgan,	Williams, Miss.
Cobb, Ala.	Hilborn,	Moses,	Wilson, Wash.
Cockrell,	Holman,	Neill,	
Cooper, Tex.	Hopkins, Pa.	Pence,	
Cox,	Hudson,	Post,	

NAYS—176.

Adams,	Crain,	Kiefer,	Pigott,
Aldrich,	Cummings,	Kribbs,	Powers,
Aspley,	Curtis, N. Y.	Lapham,	Price,
Avery,	Daniels,	Layton,	Randall,
Babcock,	Davey,	Lefever,	Ray,
Baker, N. H.	De Forest,	Lilly,	Rayner,
Baldwin,	Dingley,	Linton,	Reed,
Barnes,	Draper,	Lisle,	Reilly,
Bartlett,	Dunn,	Lockwood,	Reyburn,
Barwig,	Dunphy,	Loudenslager,	Richards, Ohio
Belden,	Durbin,	Lucas,	Ritchie,
Beltzhoover,	English, N. J.	Lynch,	Rusk,
Berry,	Erdman,	Magner,	Russell, Conn.
Bingham,	Everett,	Mahon,	Ryan,
Black, Ill.	Fellows,	Martin, Ind.	Schermerhorn,
Blair,	Felder,	Marvin, N. Y.	Settle,
Brawley,	Fitch,	McAleer,	Shaw,
Breckinridge, Ark.	Forman,	McCall,	Sherman,
Bretz,	Geissenhainer,	McCleary, Minn.	Sickles,
Brocius,	Gillet, N. Y.	McCraw, Ky.	Sipe,
Brown,	Goldzier,	McDannold,	Smith,
Bunn,	Gorman,	McDowell,	Somers,
Bynum,	Gresham,	McEtrick,	Sperry,
Cabness,	Grout,	McGann,	Springer,
Cadmus,	Hainer, Nebr.	McKaig,	Stevens,
Caldwell,	Haines,	McNagay,	Stone, C. W.
Campbell,	Hall, Minn.	Meiklejohn,	Stone, W. A.
Cannon, Ill.	Hammond,	Mercer,	Stone, Ky.
Caruth,	Harmer,	Meyer,	Storer,
Catchings,	Harter,	Milliken,	Talbot, Md.
Cauley,	Haugen,	Montgomery,	Thomas,
Chickering,	Henderson, Iowa	Moon,	Tracey,
Clancy,	Hendrix,	Morse,	Tucker,
Cobb, Mo.	Hines,	Mutchler,	Turner,
Cockran,	Hitt,	Oates,	Van Voorhis, N. Y.
Cogswell,	Hooker, N. Y.	O'Neil, Mass.	Wanger,
Compton,	Hopkins, Ill.	Outhwaite,	Warner,
Combs,	Houk, Ohio	Paschal,	Washington,
Cooper, Fla.	Houk, Tenn.	Patterson,	Waugh,
Cooper, Ind.	Johnson, Ind.	Payne,	Wells,
Cooper, Wis.	Johnson, N. Dak.	Paynter,	Wheeler,
Cornish,	Johnson, Ohio	Pearson,	Wilson, W. Va.
Covert,	Joy,	Pendleton, W. Va.	Wolverton,
		Phillips,	Woomer.

NOT VOTING—88.

Abbott, Bartholdt, Boutelle, Bowers, Cal. Bratton, Breckinridge, Ky. Burrows, Caminetti, Childs, Clarke, Ala. Coffeen, Conn. Cousins, Dalzell, Dolliver, Ellis, Ky. Enloe, Funk, Gardner, Gear, Gillett, Mass. Goodnight, Graham, Grosvenor, Hager, Hare, Hatch, Hayes, Heiner, Pa. Henderson, Ill. Hepburn, Hicks, Hooker, Miss. Hulick, Hull, Lacey, Lawson, Lester, Lond., Murray, Newlands, Northway, O'Ferrall, Pa. Page, Pendleton, Tex. Perkins, Robinson, Pa. Russell, Ga. Scranton, Simpson, Stephenson, Strong, Tawney, Taylor, Tenn. Updegraff, Van Voorhis, Ohio. Wadsworth, Walker, Weaver, Wilson, Ohio. Wise, Woodard, Wright, Mass.

So the motion of Mr. Bland was rejected.

Mr. WILSON of West Virginia. Mr. Speaker, I now demand the previous question on the motion to concur in the Senate amendments.

The yeas and nays were ordered.

The question was taken; and there were—yeas 190, nays 94, not voting 88; as follows:

YEAS—190.

Adams, Alderson, Aldrich, Apsey, Avery, Babcock, Baker, N. H. Baldwin, Barnes, Bartlett, Barwig, Beiden, Beltzhoover, Berry, Bingham, Black, Ga. Black, Ill. Blair, Brawley, Breckinridge, Ark. Brickner, Brookshire, Brosius, Brown, Bunn, Bynum, Cabaniss, Cadmus, Caldwell, Campbell, Cannon, Cal. Caruth, Catchings, Causy, Chickering, Hitt, Cobb, Mo. Cockran, Cogswell, Compton, Coombs, Cooper, Fla. Cooper, Ind. Cooper, Wis. Cornish, Cover, Crain, Cummings, Curtis, N. Y. Layton, Daniels, Davey, De Forest, Dingley, Donovan, Draper, Dunn, Dunphy, Durbin, Edmunds, English, Erdman, Everett, Fellows, Fitch, Fletcher, Forman, Gardner, Garry, Geissenhalm, Gillet, N. Y. Goldsaler, Gorman, Gresham, Grout, Haines, Hall, Minn. Hammond, Harmer, Harter, Haugen, Henderson, Iowa. Hendrix, Hines, Holman, Hopkins, Ill. Houk, Ohio. Houk, Tenn. Hunter, Johnson, Ind. Johnson, N. Dak. Johnson, Ohio. Joy, Kiefer, Kribbs, Lapham, McCleary, Minn. McCleary, Ky. McDannold, McDowell, McEtrick, McGann, McKaig, McNagay, Mercer, Meredith, Meyer, Milliken, Montgomery, Moon, Morse, Mutchler, Oates, O'Neil, Mass. Outhwaite, Paschal, Patterson, Payne, Paynter, Pearson, Pendleton, W. Va. Phillips, Pigott, Post, Powers, Price, Randall, Ray, Rayner, Reed, Reilly, Reyburn, Richards, Ohio. Richardson, Mich. Ritchie, Rusk, Russell, Conn. Ryan, Schermerhorn, Scranton, Settle, Shaw, Sherman, Sickles, Sipe, Somers, Sperry, Springer, Storons, Stone, C. W. Stone, W. A. Stone, Ky. Storer, Swanson, Talbot, Md. Taylor, Ind. Thomas, Tracey, Tucker, Turner, Turpin, Tyler, Van Voorhis, N. Y. Wanger, Warner, Washington, Waugh, Weadock, Wells, Wheeler, Ill. White, Wilson, W. Va. Wolverton, Woerner, Wright, Pa.

NAYS—94.

Aitken, Alexander, Allen, Arnold, Bailey, Baker, Kans. Bankhead, Bell, Colo. Bell, Tex. Blanchard, Bland, Bontner, Boon, Bower, N. C. Branch, Broderick, Bryan, Burnes, Cannon, Ill. Capehart, Clark, Mo. Cobb, Ala. Cockrell, Cooper, Tex. Cox, Crawford, Culberson, Curtis, Kans. Davis, De Armond, Denson, Dinsmore, Dockery, Doolittle, Ellis, Oreg. Epes, Fithian, Funston, Fynn, Grady, Hainer, Hall, Mo. Harris, Hartman, Heard, Henderson, N. O. Herrmann, Hilborn, Hudson, Hutcheson, Ikert, Jones, Kem, Kilgore, Kyle, Lane, Latimer, Livingston, Lucas, Maddox, Maguire, Mallory, Marsh, McCulloch, McDearmon, McKelighan, McLaurin, McKee, McKeljohn, Money, Morgan, Moses, Pence, Richardson, Tenn. Robbins, Robertson, La. Sayers, Shell, Sibley, Smith, Snodgrass, Stallings, Stockdale, Strait, Sweet, Talbot, S. O. Tarsney, Tate, Terry, Wheeler, Ala. Williams, Ill. Williams, Miss. Wilson, Wash.

NOT VOTING—88.

Abbott, Bartholdt, Boutelle, Bowers, Cal. Bratton, Breckinridge, Ky. Burrows, Caminetti, Childs, Clarke, Ala. Coffeen, Conn. Cousins, Dalzell, Dolliver, Ellis, Ky. Enloe, Funk, Heiner, Henderson, Ill. Hepburn, Hicks, Hooker, Miss. Hulick, Hull, Lacey, Lawson, Lester, Lond., Murray, Newlands, Northway, O'Ferrall, Pa. Page, Pendleton, Tex. Perkins, Robinson, Pa. Russell, Ga. Scranton, Simpson, Stephenson, Strong, Tawney, Taylor, Tenn. Updegraff, Van Voorhis, Ohio. Wadsworth, Walker, Weaver, Wilson, Ohio. Wise, Woodard, Wright, Mass.

Lawson, Lester, Loud, McMillin, Murray, Neill, Newlands, Northway, O'Ferrall, Pa. O'Neill, Pa. Page, Pendleton, Tex. Perkins, Robinson, Pa. Russell, Ga. Simpson, Stephenson, Strong, Tawney, Taylor, Tenn. Updegraff, Van Voorhis, Ohio. Wadsworth, Walker, Weaver, Wilson, Ohio. Wise, Woodard, Wright, Mass.

So the motion to concur was agreed to.

ENROLLED BILL SIGNED.

Mr. PEARSON, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled the bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," when the Speaker signed the same.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. T. O. TOWLES, its Chief Clerk, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes."

[November 2, 1893.]

MESSAGE FROM THE PRESIDENT.

A message from the President, by Mr. PRUDEN, one of his secretaries, announced that the President had approved and signed an act (H. R. 1) to repeal a part of an act approved July 14, 1890, entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes."

SUMMARY OF PROCEEDINGS ON H. R. 4956—A BILL DIRECTING THE COINAGE OF THE SILVER BULLION HELD IN THE TREASURY, AND FOR OTHER PURPOSES.

[CONGRESSIONAL RECORD INDEX TO PROCEEDINGS.]

	Page.
Introduced by Mr. Bland and referred to the Committee on Coinage, Weights, and Measures	518
Reported back	2416
Debated in the House	2416, 2441, 2445, 2448, 2506, 2630, 2683, 2738, 2776, 2804, 2834, 2875, 2916, 2963, 2975, 3005, 3006, 3047, 3066, 3065
Amended and passed House	3107
Debated and placed on table in Senate	3207
Debated in the Senate	3236, 3276, 3281, 3283, 3342, 3405, 3478, 3511, 3559, 3631
Passed Senate	3638
Examined and signed	3702, 3709
Vetoed by the President	4100, 4101
Reconsidered and rejected	4229

IN THE HOUSE.

[January 3, 1894.]

Introduced by Mr. BLAND and referred to the Committee on Coinage, Weights, and Measures.

[February 7, 1894.]

Mr. BLAND. Mr. Speaker, I desire to present a privileged report. I am instructed by the Committee on Coinage, Weights, and Measures to report to the House the bill which I send to the desk, with the recommendation that it do pass; and I move that the House now resolve itself into Committee of the Whole on the state of the Union for its consideration.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

"A bill (H. R. 4956) directing the coinage of the silver bullion held in the Treasury, and for other purposes.

"Be it enacted, etc., That the Secretary of the Treasury shall immediately issue silver certificates of the same denominations and monetary functions as is now provided by law for silver certificates, in the amount equal to the seigniorage of the silver bullion purchased under the provisions of the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' to wit: The sum of \$55,156,981. That such silver certificates shall be immediately available for the payment of the current expenditures of the Government, and all laws relating to silver certificates, as far as practicable, shall be applicable to the silver certificates herein authorized. That said seigniorage shall be coined as fast as possible into legal-tender standard silver dollars and the coins held in the Treasury for the redemption of the silver certificates.

"Sec. 2. That the remainder of the silver bullion purchased in pursuance of said act of July 14, 1890, shall be coined into legal-tender standard silver dollars as fast as is practicable, and the coin held in the Treasury for the redemption of the Treasury notes issued in the purchase of said bullion. That as fast as the bullion shall be coined for the redemption of said notes, the notes shall not be reissued, but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury, and silver certificates may be issued on such coin in the manner now provided by law.

"Sec. 3. That a sufficient sum of money is hereby appropriated to carry into effect the provisions of this act."

[February 12, 1894.]

The SPEAKER. The gentleman from Missouri [Mr. BLAND] asks to have read and printed in the RECORD a proposed amendment to the coinage bill.

The proposed amendment was read, as follows:

"That the Secretary of the Treasury shall immediately cause to be coined as fast as practicable the silver bullion held in the Treasury, purchased under the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' to the amount of the gain or seigniorage of such bullion, to wit: The sum of \$55,156,981 of such coin or the silver certificates issued thereon shall be used in the payment of public expenditures, and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage: *Provided*, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined."

[February 14, 1894.]

Mr. BLAND. I ask unanimous consent that the pending coinage bill, with the proposed amendments, be printed in the RECORD, and also in bill form. There was no objection.

The bill as originally reported is as follows:

"A bill (H. R. 4956) directing the coining of the silver bullion held in the Treasury, and for other purposes.

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury shall immediately issue silver certificates of the same denominations and monetary functions as is now provided by law for silver certificates, in the amount equal to the seigniorage of the silver bullion purchased under the provisions of the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' to wit, the sum of \$55,156,681. That such silver certificates shall be immediately available for the payment of the current expenditures of the Government, and all laws relating to silver certificates, as far as practicable, shall be applicable to the silver certificates herein authorized. The said seigniorage shall be coined as fast as possible into legal-tender standard silver dollars and the coins held in the Treasury for the redemption of the silver certificates.

"Sec. 2. That the remainder of the silver bullion purchased in pursuance of said act of July 14, 1890, shall be coined into legal-tender standard silver dollars as fast as is practicable, and the coin held in the Treasury for the redemption of the Treasury notes issued in the purchase of said bullion. That as fast as the bullion shall be coined for the redemption of said notes, the notes shall not be reissued, but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury, and silver certificates may be issued on such coin in the manner now provided by law.

"Sec. 3. That a sufficient sum of money is hereby appropriated to carry into effect the provisions of this act."

The proposed amendments are as follows:

By Mr. BLAND: Amend by striking out the first section, and inserting the following in lieu thereof:

"That the Secretary of the Treasury shall immediately cause to be coined as fast as practicable the silver bullion held in the Treasury, purchased under the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issuing of Treasury notes thereon, and for other purposes,' to the amount of the gain or seigniorage of such bullion, to wit, the sum of \$55,156,681, and such coin or the silver certificates issued thereon shall be used in the payment of public expenditures, and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage: *Provided*, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined."

By Mr. BLAND: On page 2, in section 2, line 9, after the word "Treasury," insert the words "derived from the coinage herein provided for."

[February 23, 1894.]

The SPEAKER. The gentleman from Ohio submits a report from the Committee on Rules. The gentleman from New York [Mr. TRACY] enters a motion to reconsider the vote by which the previous question was ordered. The Clerk will report the resolution of the Committee on Rules.

The Clerk read as follows:

"Resolved, That immediately after the adoption of this resolution the Committee of the Whole House on the state of the Union be discharged from the further consideration of H. R. 4956; that the House shall then proceed to consider the same; that after two hours' consideration therein the previous question shall be considered ordered on the pending amendments, if there be any, and the bill to its final passage. That without other motions the vote shall then be taken on the pending amendments, if there be any, on the engrossment and third reading, on a motion to recommit with or without instructions, should such motion be made, on the final passage of the bill, and on a motion to reconsider and lay on the table."

Mr. OUTWATER. On that I demand the previous question.

The question was taken on ordering the previous question, and the Speaker announced that the yeas seemed to have it.

Mr. REED. Division.

The House divided; and there were—yeas 135, nays 3.

Mr. REED and Mr. WILLIAM A. STONE. No quorum.

Mr. OUTWATER and Mr. BLAND. The yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

The Clerk proceeded to call the roll.

The question was taken; and there were—yeas 170, nays 10, not voting 173; as follows:

YEAS—170.

Abbott,	Cornish,	Jones,	Pendleton, W. Va.
Alderson,	Cox,	Kem,	Pickler,
Alexander,	Crawford,	Kilgore,	Price,
Allen,	Culbertson,	Kribbs,	Reilly,
Arnold,	Cummings,	Kyle,	Richards,
Bailey,	Davey,	Lane,	Richardson, M. K.
Baker, Kans.	Davis,	Latimer,	Richardson, Tenn.
Baldwin,	De Armond,	Layton,	Ritchie,
Bankhead,	Denson,	Lester,	Robbins,
Barnes,	Dinsmore,	Lisle,	Rusk,
Barwig,	Dockery,	Livingston,	Russell, Ga.
Bell, Colo.	Donovan,	Lucas,	Sayers,
Bell, Tex.	Durbin,	Lynch,	Shell,
Berry,	Ellis, Ky.	Maddox,	Sibley,
Black, Ga.	Enloe,	Mallory,	Simpson,
Black, Ill.	Epes,	Marshall,	Snodgrass,
Bland,	Erdman,	Martin, Ind.	Somers,
Boutner,	Fidler,	McCreary, Ky.	Springer,
Boen,	Fithian,	McCulloch,	Stallings,
Bowers, Cal.	Forman,	McDannold,	Stockdale,
Branch,	Funston,	McDearmon,	Stone, Ky.
Breckinridge, Ark.	Fyan,	McEttrick,	Strait,
Brets,	Geary,	McGann,	Swanson,
Broderick,	Goldzier,	McKaig,	Sweet,
Brookshire,	Goodnight,	McKeighan,	Talbot, S. C.
Brown,	Gorman,	McMillin,	Talbot, Md.
Bryan,	Grady,	McNagy,	Taylor, Ind.
Bunn,	Gresham,	McRae,	Terry,
Bynum,	Griffin,	Meredith,	Tucker,
Cabaniss,	Haines,	Money,	Turner, Ga.
Caminetti,	Hall, Mo.	Montgomery,	Turner, Va.
Cannon, Cal.	Hammond,	Morgan,	Turpin,
Caruth,	Hare,	Moses,	Weadock,
Catchings,	Hartman,	Mutchler,	Wells,
Clark, Mo.	Hatch,	Neill,	Wheeler, Ala.
Cobb, Ala.	Heard,	Newlands,	Whiting,
Cockrell,	Henderson, N. C.	Outhwaite,	Williams, Ill.
Coffeen,	Holman,	Paschal,	Williams, Miss.
Compton,	Hooker, Miss.	Patterson,	Woodard,
Conn,	Hudson,	Paynter,	The Speaker.
Cooper, Fla.	Hunter,	Pearson,	
Cooper, Ind.	Hutchison,	Pence,	
Cooper, Tex.	Johnson, Ohio	Pendleton, Tex.	

NAYS—10.

Cauley,	Dunn,	Meyer,	Ryan,
Clancy,	Magnor,	Page,	
De Forest,	McAleer,	Pigott,	

NOT VOTING—173.

Adams, Ky.	Dingley,	Johnson, Ind.	Scranton,
Adams, Pa.	Dolliver,	Johnson, N. Dak.	Settle,
Altken,	Doolittle,	Joy,	Shaw,
Aldrich,	Draper,	Kiefer,	Sherman,
Apsey,	Dunphy,	Lacey,	Sickles,
Avery,	Edmonds,	Lapham,	Sipe,
Babcock,	Ellis, Oreg.	Lawson,	Smith,
Baker, N. H.	English,	Lefever,	Sperry,
Bartholdt,	Everett,	Linton,	Stephenson,
Barlett,	Fletcher,	Lockwood,	Stevens,
Belden,	Funk,	Loud,	Stone, C. W.
Beltzhoover,	Gardner,	Loudenslager,	Stone, W. A.
Bingham,	Gear,	Maguire,	Storer,
Blair,	Geissenhainer,	Mahon,	Straus,
Blanchard,	Gillet, N. Y.	Marsh,	Strong,
Boutelle,	Gillett, Mass.	Marvin, N. Y.	Tarsney,
Bower, N. C.	Graham,	McCall,	Tawney,
Bratton,	Grosvenor,	McClair, Minn.	Taylor, Tenn.
Breckinridge, Ky.	Grout,	McDowell,	Thomas,
Brickner,	Hager,	McLaurin,	Tracey,
Brosius,	Hainer,	Meiklejohn,	Tyler,
Bundy,	Hall, Minn.	Mercer,	Udegraff,
Burnes,	Harmer,	Milliken,	Van Voorhis, N. Y.
Burrows,	Harris,	Moon,	Van Voorhis, Ohio
Cadmus,	Harter,	Morse,	Wadsworth,
Caldwell,	Haugen,	Murray,	Walker,
Campbell,	Hayes,	Northway,	Wanger,
Cannon, Ill.	Heiner,	Oates,	Warner,
Capehart,	Henderson, Ill.	O'Neil, Mass.	Washington,
Chickering,	Henderson, Iowa	Payne,	Waugh,
Childs,	Hendri,	Perkins,	Weaver,
Clarke, Ala.	Hepburn,	Phillips,	Wheeler, Ill.
Cobb, Mo.	Herrmann,	Post,	White,
Cockran,	Hicks,	Powers,	Wilson, Ohio
Cogswell,	Hillborn,	Quigg,	Wilson, Wash.
Coombs,	Hines,	Randall,	Wilson, W. Va.
Cooper, Wis.	Hitt,	Ray,	Wise,
Cousins,	Hooker, N. Y.	Rayner,	Wolverton,
Covert,	Hopkins, Ill.	Reed,	Woomer,
Crain,	Hopkins, Pa.	Reynolds,	Wright, Mass.
Curtis, Kans.	Houk,	Robinson, La.	Wright, Pa.
Curtis, N. Y.	Hulick,	Robinson, Pa.	
Dalzell,	Hull,	Russell, Conn.	
Daniels,	Kirt,	Schermerhorn,	

So the previous question was ordered.

[March 1, 1894.]

The SPEAKER. Yesterday the previous question was ordered upon a resolution from the Committee on Rules; and on the adoption of the resolution the yeas and nays were ordered. The question is now upon the adoption of that resolution, which the Clerk will report.

The Clerk read as follows:

"Resolved, That immediately after the adoption of this resolution the Committee of the Whole House on the state of the Union be discharged from the further consideration of H. R. 4956; that the House shall then proceed to consider the same; that after two hours' consideration therein the previous question shall be considered ordered on the pending amendments, if there be any, and the bill to its final passage. That without other motions the vote shall then be taken on the pending amendments, if there be any, on the engrossment and third reading, on a motion to recommit with or without instructions, should such motion be made, on the final passage of the bill, and on a motion to reconsider and lay on the table."

The SPEAKER. The question will now be taken on agreeing to the resolution reported by the Committee on Rules. The House will please be in order so that members may hear their names called and that the Clerk may hear the responses.

The question was taken; and there were—yeas 136, nays 13, not voting 174; as follows:

YEAS—136.

Abbott,	Cockrell,	Hare,	Montgomery,
Alderson,	Coffeen,	Hartman,	Morgan,
Alexander,	Hatch,	Moore,	Moses,
Allen,	Compton,	Neill,	Neill,
Arnold,	Conn,	Henderson, N. C.	Newlands,
Bailey,	Cooper, Fla.	Holman,	Outhwaite,
Baker, Kans.	Cooper, Ind.	Hooker, Miss.	Paschal,
Baldwin,	Cooper, Tex.	Hudson,	Patterson,
Bankhead,	Cornish,	Hunter,	Paynter,
Barnes,	Cox,	Hutchison,	Pearson,
Barwig,	Crawford,	Johnson, Ohio	Pence,
Bell, Cal.	Culbertson,	Jones,	Pendleton, Tex.
Bell, Tex.	Cummings,	Kem,	Price,
Berry,	Davey,	Kribbs,	Reilly,
Black, Ga.	Davis,	Kyle,	Richards,
Black, Ill.	De Armond,	Lane,	Richardson, Mich.
Bland,	Denson,	Latimer,	Richardson, Tenn.
Boen,	Dinsmore,	Layton,	Ritchie,
Branch,	Dockery,	Lester,	Robbins,
Bretz,	Donovan,	Lisle,	Russell, Ga.
Broderick,	Durbin,	Livingston,	Sayers,
Brookshire,	Edmonds,	Lynch,	Settle,
Brown,	Ellis, Ky.	Maddox,	Shell,
Bryan,	Enloe,	Magner,	Sibley,
Bunn,	Epes,	Mallory,	Simpson,
Bynum,	Erdman,	Marshall,	Snodgrass,
Cabaniss,	Fithian,	Martin, Ind.	Somers,
Caminetti,	Forman,	McCreary, Ky.	Springer,
Cannon, Cal.	Funston,	McCulloch,	Stallings,
Caruth,	Fyan,	McDannold,	Stockdale,
Catchings,	Geary,	McDearmon,	Stone, Ky.
Clark, Mo.	Goldzier,	McEttrick,	Strait,
Cobb, Ala.	Goodnight,	McKaig,	Swanson,
Cockrell,	Gorman,	McMillin,	Sweet,
Coffeen,	Grady,	McNagy,	Talbot, S. C.
Compton,	Gresham,	McRae,	Talbot, Md.
Conn,	Griffin,	Meredith,	Tate,
Cooper, Fla.	Hall, Mo.	Money,	Taylor, Ind.
Cooper, Ind.	Hammond,		
Cooper, Tex.			

Terry, Fucker, Turner, Ga. Turner, Va.	Tyler, Weadock, Wells, Wheeler, Ala.	Whiting, Williams, Ill. Williams, Miss. Wise,	Woodard, The Speaker.
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NAYS—13.

Beitzhoever, Bowers, Cal. Caussey, Dunn,	Everett, Kilgore, McAleer, Meyer,	Mutchler, O'Neil, Page, Pigott,	Ryan.
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NOT VOTING—174.

Adams, Ky. Adams, Pa. Aitken, Aldrich, Apsley, Avery, Balcock, Baker, N. H. Bartholdt, Belden, Bingham, Blair, Blanchard, Bontelle, Bower, N. C. Brattan, Brosius, Bundy, Burnes, Burrows, Cadmus, Caldwell, Campbell, Cannon, Ill. Capehart, Chickering, Childs, Clarke, Ala. Cobb, Mo. Cockran, Cogswell, Coombs, Cooper, Wis. Cousins, Covert, Crain, Curtis, Kans. Curtis, N. Y. Dalzell, Daniels, De Forest, Dingley, Dolliver,	Doolittle, Draper, Dunphy, Ellis, Oreg. English, Fletcher, Funk, Gardner, Gear, Gessenhainer, Gillett, N. Y. Gillett, Mass. Graham, Grosvenor, Grout, Hager, Hainer, Nebr. Haines, Hall, Minn. Harrner, Harris, Harter, Haugen, Hayes, Heiner, Pa. Henderson, Ill. Henderson, Iowa Hendrix, Hepburn, Hermann, Hicks, Hilborn, Hines, Hitt, Hooker, N. Y. Hopkins, Ill. Hopkins, Pa. Hout, Hullik, Hull, Kirt, Johnson, Ind. Johnson, N. Dak.	Joy, Kiefer, Lacey, Lapham, Lawson, Lefever, Linton, Lockwood, Loud, Loudenslager, Lucas, Maguire, Mahon, Marsh, Marvin, N. Y. McCall, McCleary, Minn. McDowell, McGann, McKeighan, McLaurin, Meiklejohn, Mercer, Milliken, Moon, Morse, Murray, Northway, Oates, Payne, Pendleton, W. Va. Perkins, Phillips, Pickler, Post, Powers, Quigg, Randall, Ray, Rayner, Reed, Reyburn, Robertson, La. Robinson, Pa.	Rusk, Russell, Conn. Schermerhorn, Scranton, Shaw, Sherman, Sickles, Slip, Smith, Sperry, Stephenson, Stevens, Stone, C. W. Stone, W. A. Storer, Strans, Strong, Tarsney, Tawney, Taylor, Tenn. Thomas, Tracey, Turpin, Updegraff, Van Voorhis, N. Y. Van Voorhis, Ohio Wadsworth, Walker, Wanger, Warner, Washington, Waugh, Wever, Wheeler, Ill. White, Wilson, Ohio Wilson, Wash. Wilson, W. Va. Wolverton, Woomer, Wright, Mass. Wright, Pa.
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At the conclusion of the second call,
The SPEAKER said: The Clerk will call my name.
The Clerk called the name of the Speaker, and the Speaker voted "aye."

Mr. BLAND. I submit the substitute for the bill which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the substitute.

The Clerk read as follows:

Strike out all after the enacting clause, and insert:

"That the Secretary of the Treasury shall immediately cause to be coined as fast as possible the silver bullion held in the Treasury, purchased under the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issuing of Treasury notes thereon, and for other purposes,' to the amount of the gain or seigniorage of such bullion, to wit: The sum of \$55,156,681, and such coin or the silver certificates issued thereon shall be used in the payment of public expenditures, and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage: *Provided*, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined.

"SEC. 2. After the coinage provided for in the first section of this act, the remainder of the silver bullion purchased in pursuance of said act of July 14, 1890, shall be coined into legal-tender standard silver dollars as fast as possible, and the coin shall be held in the Treasury for the redemption of the Treasury notes issued in the purchase of said bullion; that as fast as the bullion shall be coined for the redemption of said notes, the notes shall not be re-issued, but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury derived from the coinage herein provided for, and silver certificates shall be issued on such coin in the manner now provided by law: *Provided*, That this act shall not be construed to change existing law relating to the legal-tender character or mode of redemption of the Treasury notes issued under said act of July 14, 1890. That a sufficient sum of money is hereby appropriated to carry into effect the provisions of this act."

Mr. BLAND. Mr. Speaker—

Mr. BYNUM. I make the point of order that amendments to the bill are in order before the substitute.

The SPEAKER. Amendments to the bill will be voted upon before any vote is taken upon the substitute, of course. The Chair recognizes the gentleman from Ohio [Mr. OUTHWAITE] to offer an amendment.

Mr. OUTHWAITE. The amendment I offer is simply to strike out the second section of the substitute.

Mr. CANNON of Illinois. I desire to offer an amendment to the substitute, to strike out the second section.

The SPEAKER. That is the amendment of the gentleman from Ohio [Mr. OUTHWAITE].

Mr. CANNON of Illinois. I understood his amendment to be to strike out the second section of the original bill.

The SPEAKER. What was the amendment of the gentleman from Ohio [Mr. OUTHWAITE]?

Mr. OUTHWAITE. I moved to strike out the second section of the substitute.

Mr. SPRINGER. The gentleman from Illinois [Mr. CANNON] is in order to move to strike out the first section of the original bill.

The SPEAKER. That was not his motion.

Mr. OUTHWAITE. I desire to strike out the second section of the bill or the substitute, whichever is agreed to. As I understand it, I would like to have the amendment pending to the original bill if the substitute should not be adopted.

Mr. RICHARDSON of Tennessee. I suggest to the gentlemen from Ohio [Mr. OUTHWAITE] that the second section of the substitute is not the same as the second section of the original bill.

Mr. OUTHWAITE. I will change my amendment. I move to strike out the second section of the original bill.

Mr. CANNON of Illinois. Mr. Speaker—

The SPEAKER. The Chair will state the question. The gentleman from Missouri offers an amendment in the nature of a substitute, which has just been read. The gentleman from Ohio [Mr. OUTHWAITE] offers an amendment to the original text, as the Chair understands.

Mr. OUTHWAITE. Now, Mr. Speaker, I make the same motion in regard to the substitute.

The SPEAKER. The Chair can not recognize the gentleman to make two motions, because other members ought to have an opportunity to offer amendments.

Mr. OUTHWAITE. I would like to have that amendment pending.

The SPEAKER. The gentleman has an amendment pending.

Mr. OUTHWAITE. I will adhere to my motion to strike out the second section of the substitute, and trust that someone will submit an amendment to strike out the second section.

The SPEAKER. The Chair would like to recognize some gentleman from the minority of the committee to offer an amendment, if it is desired.

Mr. BLAND. The gentleman from Pennsylvania [Mr. CHARLES W. STONE] can offer an amendment.

Mr. JOHNSON of North Dakota. I wish to offer an amendment to the substitute.

The SPEAKER. There is one amendment pending, and there can be no more amendments pending to the substitute.

Mr. JOHNSON of North Dakota. Then I offer an amendment to the original bill.

Mr. HARTMAN. I desire to offer an amendment to the original bill.

The SPEAKER. The amendment of the gentleman from North Dakota will be read.

The Clerk read as follows:

Add to section 1 the following:

"The Secretary of the Treasury shall afford to holders of standard silver dollars the same right and facilities as to redemption and exchange as now accorded to the holders of silver dimes, quarter dollars, and half dollars."

Mr. BLAND. I make the point of order that that relates to subsidiary coinage and is not in order in this bill. This bill provides for the coinage of standard silver dollars and the issue of certificates. That is a proposition to change the law in regard to the subsidiary coin.

Mr. JOHNSON of North Dakota. No, sir; I beg the gentleman's pardon; not at all. It simply proposes to put the holder of the silver dollar on the same footing as the holder of dimes and quarters as to redemption and exchange.

It does not propose to change the law as to the subsidiary coinage, but simply gives the holder of the standard silver dollar the same right as the holder of subsidiary coin.

Mr. BLAND. It has always been held in Committee of the Whole, in consideration of a proposition relating to the subsidiary coinage, that we could not add to it one relating to the coinage of standard silver dollars.

The SPEAKER. As at present advised, the Chair will hold that it is in order. The Chair will look further into the matter. The gentleman from New York [Mr. STRAUS] desires to offer an amendment.

Mr. CANNON of Illinois. I desire to offer an amendment, if it is in order.

The SPEAKER. Of course the gentleman knows there are only a certain number of amendments that can be pending at one time, but the House can vote them out of the way, so that other amendments can be offered. The order does not at all contemplate that the House shall wait until the end of the two hours before voting upon the amendments, if the House desire to do so.

Mr. CANNON of Illinois. Have all the amendments been offered that are in order at this time under the rule?

The SPEAKER. The Chair will ascertain and find out. There is a substitute offered, and an amendment to the substitute, and one amendment to the original bill. The Chair recognized the gentleman from New York [Mr. STRAUS] to offer an amendment, which the Clerk will report, and see whether it is in order as an amendment to the amendment.

The Clerk read as follows:

"That the Secretary of the Treasury be, and he is hereby, authorized to issue from time to time coupon and registered bonds of the United States in denominations of \$20 and multiples of that sum, payable in coin after five years from date, and bearing interest at a rate not exceeding 3 per cent per annum, payable quarterly in coin, and to sell and dispose of the same at not less than par in coin; and the proceeds of such bonds shall be paid into the Treasury and held and used for the purposes now authorized by law."

Mr. REED. That is not in order.

Mr. BLAND. I make the point of order that it is not germane.

The SPEAKER. It does not seem to the Chair, after some reflection on this question—because it is only fair to say that the Chair had notice of the amendment—it does not seem to the Chair that the amendment is germane. The pending proposition is a proposition to coin the seigniorage in the Treasury and also the fund of bullion that is contained therein belonging to the United States.

This proposition to deal with a bond issue the Chair does not believe is germane either to the amendment or to the text of the original bill. Therefore the Chair must sustain the point of order against the amendment. The Chair now recognizes the gentleman from Illinois [Mr. CANNON] to offer an amendment to the amendment.

The SPEAKER. The gentleman from Illinois [Mr. CANNON] offers an amendment, as the Chair understands, to the amendment of the gentleman from North Dakota. It will be read.

The Clerk read as follows:

"That any owner of silver bullion may deposit the same at any coinage mint or at any assay office in the United States that the Secretary of the Treasury may designate, and receive therefor Treasury notes hereinafter provided for, equal at the date of deposit to the net value of such silver, at the market price, such price to be determined by the Secretary of the Treasury under rules and regulations prescribed, based upon the price current in the leading silver markets of the world."

"SEC. 2. That the Secretary of the Treasury shall cause to be prepared Treasury notes in such amounts as may be required for the purpose of the above section, and in such form and denomination as he may prescribe: *Provided*, That no note shall be of a denomination less than \$1 nor more than \$1,000."

"SEC. 3. That the notes issued under this act shall be a legal tender in payment of all debts, public and private, except when otherwise expressly stipulated in the contract, and shall be receivable for customs, taxes, and all public dues, and when received into the Treasury may be reissued, and such notes, when held by any national banking association, shall be counted as part of its lawful reserve."

"SEC. 4. That the notes issued under the provisions of this act shall be redeemed upon demand at the Treasury of the United States or at the office of an assistant treasurer of the United States, by the issue of a certificate of deposit for the sum of the notes so presented, payable at one of the mints of the United States, in an amount of silver bullion equal in value, on the date of said certificate, to the number of dollars stated therein, at the market price of silver, to be determined as provided in section 1; or such notes may be redeemed in gold coin, at the option of the Government: *Provided*, That upon demand of the holder such notes shall be redeemed in silver dollars.

"SEC. 5. That when the market price of silver, as determined by the Secretary of the Treasury, shall exceed \$1 for 371.25 grains of pure silver, it shall be the duty of the Secretary of the Treasury to refuse to receive deposits of silver bullion for the purposes of this act: *Provided*, That when the market price of silver, as determined in accordance with section 1 of this act, is \$1 for 371.25 grains of pure silver, it shall be lawful for the owner of any silver bullion, the deposit of which for notes is herein provided for, to deposit the same at any coinage mint of the United States, to be formed into standard silver dollars for his benefit as provided in the act of January 18, 1837.

"SEC. 6. That it shall be lawful for the Secretary of the Treasury, with the approval of the President of the United States, to suspend, temporarily, the receipt of silver bullion for Treasury notes at any time when he is satisfied that through combinations or speculative manipulations of the market the price of silver is arbitrary, nominal, or fictitious.

"SEC. 7. That the silver bullion deposited under this act, represented by Treasury notes which have been redeemed in gold coin or in silver dollars, may be coined into standard silver dollars or any other denomination of silver coin now authorized by law, for the purpose of replacing coin used in the redemption of the notes.

"SEC. 8. That any gain or seigniorage arising from the coinage which may be executed under the provisions of this act shall be accounted for and paid into the Treasury as provided by existing law.

"SEC. 9. The silver bullion received under the provisions of this act shall be subject to the requirements of existing laws, and the regulations of the mint service, governing the methods of receipt, determining the amount of pure silver contained, and the amount of charges or deductions, if any, to be made.

"SEC. 10. That nothing in this act shall be construed to prevent the purchase, from time to time, as may be required, of silver bullion for the subsidiary silver coinage, nor to affect the legal-tender quality of the standard silver dollar.

"SEC. 11. That a sum sufficient to carry out the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

"SEC. 12. That this act shall take effect thirty days from and after its passage."

MR. BLAND. Mr. Speaker, it has been very difficult to hear the reading of this proposition on account of the confusion in the House, and I do not know that I get at its whole purport. But it seems to me it is hardly germane to this bill, which provides for the coinage of the silver bullion in the Treasury. This proposition of the gentleman from Illinois, so far as I can gather its purport, proposes to deposit bullion and issue certificates therefor, to be redeemed in gold or silver when demanded—

MR. CANNON of Illinois. It gives the Government the option to redeem in gold or in silver bullion at its then value.

A MEMBER. At its gold value?

MR. CANNON of Illinois. Yes, sir.

MR. BLAND. This bill provides for the coinage of silver now in the Treasury into standard dollars, to be paid out in redemption of outstanding notes when demanded by the holders. It does seem to me that this amendment is not germane to the measure under consideration. I shall have to make a point of order on the original amendment and on the amendment to the amendment.

THE SPEAKER. The Chair is not familiar with, and has not been able to carefully consider, all of the provisions of this proposed amendment; but it is a well-established rule that if any part of an amendment is out of order, or is not germane, that fact taints the character of the whole; and the Chair thinks that in order to authorize an amendment to the pending proposition, the gentleman must have his amendment in such shape that no part of it is out of order. Now it is clear to the Chair—

MR. HARTMAN. Mr. Speaker—

THE SPEAKER. The Chair can not be interrupted. It is clear to the Chair that the first proposition contained in the amendment is out of order and not germane. Whereas the pending bill proposes to deal with the silver now in the Treasury, this is a proposition to permit all holders of silver to take it to the Treasury and have it coined under a free-coinage proposition, a proposition dealing with silver which is outside of the Treasury; and therefore the Chair does not think it in order, and so holds.

MR. ABBOTT. I desire to offer an amendment to the amendment of the gentleman from North Dakota [Mr. JOHNSON].

THE SPEAKER. The gentleman will send it up.

The amendment was read, as follows:

"Amend the bill (H. R. 4956) by striking out all after the enacting clause and insert the following:

"That the Secretary of the Treasury is hereby authorized and required to transfer to the several mints of the United States and cause to be coined into legal-tender standard silver dollars, and into such minor silver coins as he may deem advisable, at least 2,000,000 ounces per month of the silver bullion purchased under the provisions of the act entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' approved July 14, 1890, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

"Second. That after the passage of this act the Secretary of the Treasury is directed that whenever the Treasury coin notes issued in accordance with the provisions of the said act of July 14, 1890, or whenever the silver certificates issued by virtue of any act of Congress authorizing the issue of such certificates on the deposit of silver dollars are presented for redemption, to redeem such notes and certificates in either gold or silver: *Provided*, That in case the amount of coined gold in the Treasury exceeds the amount of the coined silver the Secretary of the Treasury shall redeem such notes and certificates in gold coin, but in case the silver coin in the Treasury exceeds the amount of gold coin, such notes and certificates shall be redeemed in silver coin.

"Third. That the Secretary of the Treasury is authorized and directed to issue Treasury coin notes in amount equal to the gain or seigniorage of the silver bullion purchased under the provisions of said act of July 14, 1890, and such Treasury notes shall be immediately available for the payment of the current expenditures of the Government: *Provided*, That hereafter no Treasury notes of less denomination than \$5 shall be issued.

"Fourth. That upon the deposit in the Treasury of any gold or silver coin the Secretary of the Treasury shall issue Treasury coin notes to the nominal amount of such deposit, and all laws authorizing the issue of gold and silver

certificates are hereby repealed, and all laws in conflict herewith are hereby repealed."

MR. NEWLANDS. Mr. Speaker, I understand that under the rules of the House no further amendment can be offered until one of the pending amendments is disposed of. In that event I shall ask permission to introduce an amendment to the first section, as follows:

"No silver certificates, Treasury notes under the act of 1890, United States notes commonly called greenbacks, or national-bank notes shall hereafter be issued of a denomination less than \$10."

MR. HARTMAN. Is an amendment for the free coinage of silver now in order? I did not understand the statement of the Chair.

THE SPEAKER. It is not. No other amendment is in order, because the previous question is ordered. The Clerk will first report the amendment of the gentleman from North Dakota [Mr. JOHNSON].

The Clerk read as follows:

"Add to section 1 the following words:

"The Secretary of the Treasury shall afford to holders of standard silver dollars the same rights and facilities as to redemption and exchange as are now accorded to the holders of silver dimes, quarter dollars, and half dollars."

THE SPEAKER. To this the gentleman from Texas [Mr. ABBOTT] offers an amendment, on which the vote will first be taken. The Clerk will now report the amendment of the gentleman from Texas [Mr. ABBOTT].

The Clerk read as follows:

"Amend the bill (H. R. 4956) by striking out all after the enacting clause and insert the following:

"That the Secretary of the Treasury is hereby authorized and required to transfer to the several mints of the United States and cause to be coined into legal-tender standard silver dollars, and into such minor silver coins as he may deem advisable, at least 2,000,000 of ounces per month of the silver bullion purchased under the provisions of the act entitled 'An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' approved July 14, 1890, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

"Second. That after the passage of this act the Secretary of the Treasury is directed that whenever the Treasury coin notes issued in accordance with the provisions of the said act of July 14, 1890, or whenever the silver certificates issued by virtue of any act of Congress authorizing the issue of such certificates on the deposit of silver dollars are presented for redemption, to redeem such notes and certificates in either gold or silver: *Provided*, That in case the amount of coined gold in the Treasury exceeds the amount of the coined silver, the Secretary of the Treasury shall redeem such notes and certificates in gold coin, but in case the silver coin in the Treasury exceeds the amount of gold coin, such notes and certificates shall be redeemed in silver coin.

"Third. That the Secretary of the Treasury is authorized and directed to issue Treasury coin notes in amount equal to the gain or seigniorage of the silver bullion purchased under the provisions of said act of July 14, 1890, and such Treasury notes shall be immediately available for the payment of the current expenditures of the Government: *Provided*, That hereafter no Treasury notes of less denomination than \$5 shall be issued.

"Fourth. That upon the deposit in the Treasury of any gold or silver coin the Secretary of the Treasury shall issue Treasury coin notes to the nominal amount of such deposit, and all laws authorizing the issue of gold and silver certificates are hereby repealed, and all laws in conflict herewith are hereby repealed."

THE SPEAKER. The question is on this amendment to the amendment offered by the gentleman from Texas [Mr. ABBOTT].

The question was taken; and the amendment to the amendment was rejected.

THE SPEAKER. The question now is on the amendment of the gentleman from North Dakota [Mr. JOHNSON], which the Clerk will report.

The Clerk read as follows:

"Add to section 1 the following words:

"The Secretary of the Treasury shall afford to holders of standard silver dollars the same rights and facilities as to redemption and exchange as are now accorded to the holders of silver dimes, quarter dollars, and half dollars."

The question was taken on the amendment of Mr. JOHNSON of North Dakota, and the Speaker announced that the "noes" seemed to have it.

MR. THACHER. Division, Mr. Speaker. I think that is a good amendment.

The House divided; and there were—ayes 71, noes 156.

Accordingly the amendment was rejected.

THE SPEAKER. There is a substitute offered by the gentleman from Missouri [Mr. BLAND]. The question is upon the amendment to that substitute offered by the gentleman from Ohio [Mr. OUTHWAITE]. The Clerk will first report the substitute.

The Clerk read as follows:

"Strike out all after the enacting clause and insert:

"That the Secretary of the Treasury shall immediately cause to be coined as fast as possible the silver bullion held in the Treasury, purchased under the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issuing of Treasury notes thereon, and for other purposes,' to the amount of the gain or seigniorage of such bullion, to wit: The sum of \$55,153,661, and such coin or the silver certificates issued thereon shall be used in the payment of public expenditures, and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage: *Provided*, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined."

THE SPEAKER. Section 2 of the substitute, which the Clerk is now about to read, is the section which the gentleman from Ohio [Mr. OUTHWAITE] proposes by his amendment to strike out. He proposes to strike out the section which the Clerk will now report.

The Clerk read as follows:

"SEC. 2. After the coinage provided for in the first section of this act the remainder of the silver bullion purchased in pursuance of said act of July 14, 1890, shall be coined into legal-tender standard silver dollars as fast as possible, and the coin shall be held in the Treasury for the redemption of the Treasury notes issued in the purchase of said bullion; that as fast as the bullion shall be coined for the redemption of said notes the notes shall not be reissued, but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury derived from the coinage herein provided for, and silver certificates shall be issued on such coin in the manner now provided by law: *Provided*, That this act shall not be construed to change existing law relating to the legal-tender character or mode of redemption of the Treasury notes issued under said act of July 14, 1890."

THE SPEAKER. The gentleman from Ohio proposes as an amendment to strike that section out.

MR. BLAND. I understand that following that is a provision providing that a particular sum of money be appropriated.

THE SPEAKER. The amendment of the gentleman from Ohio does not reach

to that. The amendment of the gentleman from Ohio is to strike from the substitute the second section, which has just been read.

The question was taken on the amendment of Mr. OUTHWAITE, and the Speaker announced that the yeas seemed to have it.

Mr. OUTHWAITE. Division.

The House divided; and there were—ayes 64, yeas 130.

Mr. OUTHWAITE. I should like to have the yeas and nays on that.

The yeas and nays were ordered.

The question was taken; and there were—yeas 130, nays 144, not voting 73; as follows:

YEAS—130.

Adams, Ky.	Davey,	Hull,	Price,
Apsley,	De Forest,	Johnson, Ind.	Randall,
Avery,	Dingley,	Johnson, N. Dak.	Ray,
Babcock,	Dolliver,	Johnson, Ohio	Ritchie,
Baldwin,	Draper,	Joy,	Robinson, Pa.
Barnes,	Dunn,	Kiefer,	Rusk,
Barwig,	Dunphy,	Kribbs,	Ryan,
Belden,	Durborow,	Lacey,	Schermerhorn,
Beltzhoover,	Erdman,	Lapham,	Shaw,
Berry,	Everett,	Lockwood,	Sherman,
Blair,	Felder,	Loudenslager,	Sickles,
Breckinridge, Ark.	Funston,	Lynch,	Somers,
Breckinridge, Ky.	Gardner,	McAleer,	Sperry,
Brickner,	Gear,	McCall,	Stevens,
Bynum,	Geissenhainer,	McClary, Minn.	Stone, C. W.
Cadmus,	Gillet, N. Y.	McEttrick,	Stone, W. A.
Cadmus,	Golzier,	McGann,	Storer,
Campbell,	Gorman,	McKaig,	Straus,
Caruth,	Greslam,	Meiklejohn,	Strong,
Catchings,	Griffin,	Mitchell,	Talbot, Md.
Causey,	Hager,	Meyer,	Tawney,
Chickering,	Hainer,	Mitchler,	Tracey,
Clancy,	Haines,	O'Neil,	Van Voorhis, Ohio
Clarke, Ala.	Hall, Minn.	Page,	Walker,
Cobb, Mo.	Hare,	Payne,	Warner,
Cogswell,	Harter,	Pendleton, Tex.	Wells,
Compton,	Hayes,	Pendleton, W. Va.	Wheeler, Ill.
Coombs,	Henderson, Ill.	Perkins,	Wilson, Ohio
Cornish,	Hitt,	Phillips,	Wise,
Covert,	Hooker, N. Y.	Pigott,	Woomer,
Cummings,	Hopkins, Ill.		Wright, Mass.
Curtis, N. Y.	Hopkins, Pa.		
Daniels,	Hulick,		

NAYS—144.

Abbott,	Crawford,	Kilgore,	Post,
Aitken,	Culberson,	Kyle,	Reilly,
Alderson,	Curtis, Kans.	Lane,	Richards,
Alexander,	Davis,	Latimer,	Richardson, Mich.
Allen,	De Armond,	Layton,	Richardson, Tenn.
Arnold,	Denson,	Lester,	Robbins,
Bailey,	Dinsmore,	Lisle,	Russell, Ga.
Baker, Kans.	Dockery,	Livingston,	Sayers,
Bankhead,	Donovan,	Lucas,	Settle,
Bell, Colo.	Doolittle,	Maddox,	Shell,
Bell, Tex.	Edmonds,	Maguire,	Sibley,
Black, Ga.	Ellis, Ky.	Mallory,	Simpson,
Black, Ill.	Ellis, Oreg.	Marsh,	Snodgrass,
Bland,	Enloe,	Marshall,	Springer,
Boatner,	Eppe,	Martin, Ind.	Stallings,
Boen,	Fithian,	McCreary, Ky.	Stockdale,
Bowers, Cal.	Forman,	McCulloch,	Stone, Ky.
Branch,	Fynn,	McDannold,	Strait,
Bretz,	Geary,	McDearmon,	Swanson,
Broderick,	Goodnight,	McKeighan,	Sweet,
Brookshire,	Grady,	McMillin,	Talbert, S. C.
Brown,	Hall, Mo.	McNagy,	Tate,
Bryan,	Hammond,	McRae,	Taylor, Ind.
Bunn,	Hartman,	Meredith,	Terry,
Cabaniss,	Heard,	Montgomery,	Tucker,
Caminetti,	Henderson, N. C.	Morgan,	Turner, Ga.
Cannon, Cal.	Hepburn,	Murray,	Turner, Va.
Clark, Mo.	Hermann,	Murray,	Turpin,
Cobb, Ala.	Holman,	Neill,	Tyler,
Cockrell,	Hooker, Miss.	Newlands,	Weadock,
Coffen,	Hudson,	Paschal,	Wheeler, Ala.
Conn,	Hunter,	Paynter,	Whiting,
Cooper, Fla.	Hutcheson,	Pearson,	Williams, Ill.
Cooper, Ind.	Jones,	Pence,	Wilson, Wash.
Cooper, Tex.	Kem,	Pickler,	Woodard.

NOT VOTING—73.

Adams, Pa.	Crain,	Lawson,	Scranton,
Aldrich,	Dalzell,	Lefever,	Sipe,
Baker, N. H.	English,	Linton,	Smith,
Bartholdt,	Fletcher,	Loud,	Stephenson,
Bartlett,	Funk,	Mahon,	Tarsney,
Bingham,	Gillet, Mass.	Marvin, N. Y.	Taylor, Tenn.
Blanchard,	Graham,	McDowell,	Thomas,
Boutelle,	Grosvenor,	McLaurin,	Updegraff,
Bower, N. C.	Groat,	Milliken,	Van Voorhis, N. Y.
Bratton,	Haugen,	Moran,	Wadsworth,
Bundy,	Harris,	Morris,	Wanger,
Burns,	Haugen,	Northway,	Washington,
Cadmus,	Heiner,	Oates,	Wang,
Cannon, Ill.	Henderson, Iowa	Powers,	Wewer,
Capelhart,	Hicks,	Quigg,	White,
Causey,	Hilborn,	Rayner,	Wilson, W. Va.
Childs,	Hines,	Reed,	Wolverton,
Cobb, Mo.	Houk,	Reynolds, La.	Wright, Pa.
Cockran,	Hirt,	Russell, Conn.	
Cooper, Wis.			
Cousins,			

Mr. OUTHWAITE. Mr. Speaker, I will ask for a recapitulation of the vote.

The vote was recapitulated.

The SPEAKER. On this question the yeas are 130, the nays are 144. The yeas have it, and the amendment is not agreed to. [Applause on the Democratic side.] The question now is on the substitute offered by the gentleman from Missouri for the original bill.

The question was taken; and the Speaker announced that the yeas seemed to have it.

Mr. TRACEY. Division.

The House divided; and there were—ayes 165, yeas 14.

Mr. TRACEY. Tellers, Mr. Speaker.

Mr. BLAND. Let us have the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 172, nays 94, not voting 86; as follows:

YEAS—172.

Abbott,	Crawford,	Kem,	Post,
Aitken,	Culberson,	Kilgore,	Price,
Alderson,	Cummings,	Kribbs,	Reilly,
Alexander,	Curtis, Kans.	Kyle,	Richards,
Allen,	Davey,	Lacey,	Richardson, Mich.
Arnold,	Davis,	Lane,	Richardson, Tenn.
Bailey,	De Armond,	Latimer,	Ritchie,
Baker, Kans.	Denson,	Layton,	Robbins,
Bankhead,	Dinsmore,	Lester,	Rusk,
Bell, Colo.	Dockery,	Lisle,	Russell, Ga.
Bell, Tex.	Donovan,	Livingston,	Sayers,
Black, Ga.	Doolittle,	Lucas,	Settle,
Black, Ill.	Durborow,	Maddox,	Shell,
Bland,	Edmonds,	Maguire,	Sibley,
Boatner,	Ellis, Ky.	Mallory,	Sickles,
Boen,	Ellis, Oreg.	Marsh,	Simpson,
Bowers, Cal.	Enloe,	Marshall,	Snodgrass,
Branch,	Eppe,	Martin, Ind.	Springer,
Breckinridge, Ark.	Erdman,	McCreary, Ky.	Stallings,
Bretz,	Fithian,	McCulloch,	Stockdale,
Broderick,	Forman,	McDannold,	Stone, Ky.
Brookshire,	Funston,	McDearmon,	Strait,
Brown,	Fynn,	McEann,	Swanson,
Bryan,	Geary,	McKeighan,	Sweet,
Bunn,	Goodnight,	McMillin,	Talbert, S. C.
Bynum,	Gorman,	McNagy,	Talbot, Md.
Cabaniss,	Grady,	McRae,	Tate,
Caminetti,	Gresham,	Meredith,	Taylor, Ind.
Cannon, Cal.	Hall, Mo.	Money,	Terry,
Caruth,	Hammond,	Montgomery,	Tucker,
Catchings,	Hare,	Morgan,	Turner, Ga.
Clark, Mo.	Hartman,	Moses,	Turner, Va.
Clarke, Ala.	Hatch,	Murray,	Turpin,
Cobb, Ala.	Hayes,	Neill,	Tyler,
Cockrell,	Heard,	Newlands,	Weadock,
Coffen,	Henderson, N. C.	Paschal,	Wheeler, Ala.
Compton,	Hermann,	Patterson,	Whiting,
Conn,	Holman,	Paynter,	Williams, Ill.
Cooper, Fla.	Hooker, Miss.	Pearson,	Wilson, Wash.
Cooper, Ind.	Hudson,	Pence,	Williams, Miss.
Cooper, Tex.	Hunter,	Pendleton, Tex.	Wilson, Wash.
Cox,	Hutcheson,	Pendleton, W. Va.	Wise,
	Jones,	Pickler,	Woodard.

NAYS—94.

Adams, Ky.	Dolliver,	Kiefer,	Schermerhorn,
Adams, Pa.	Draper,	Lapham,	Scranton,
Aldrich,	Dunn,	Lockwood,	Shaw,
Apsley,	Dunphy,	Loudenslager,	Sherman,
Babcock,	Fletcher,	Lynch,	Stevens,
Barnes,	Funk,	Magner,	Stone, C. W.
Barwig,	Gear,	Mahon,	Stone, W. A.
Belden,	Geissenhainer,	McAleer,	Storer,
Beltzhoover,	Gillet, N. Y.	McCall,	Tawney,
Berry,	Goldzier,	McEttrick,	Thomas,
Bingham,	Griffin,	McKaig,	Updegraff,
Blair,	Haines,	Meiklejohn,	Van Voorhis, Ohio
Boutelle,	Harter,	Mercer,	Wadsworth,
Bretz,	Henderson, Ill.	Meyer,	Walker,
Broderick,	Hitt,	Mitchler,	Wanger,
Brookshire,	Hooker, N. Y.	O'Neil,	Waugh,
Brown,	Hopkins, Ill.	Outwaite,	Wells,
Bryan,	Hopkins, Pa.	Page,	Wever,
Bunn,	Clancy,	Perkins,	Wheeler, Ill.
Cabaniss,	Cogswell,	Phillips,	Wilson, Ohio
Caminetti,	Coombs,	Pigott,	Woomer,
Cannon, Cal.	Cousins,	Randall,	Wright, Mass.
Clark, Mo.	Curtis, N. Y.	Ray,	
Cobb, Ala.	Dingley,	Robinson, Pa.	

NOT VOTING—86.

Avery,	Dalzell,	Hines,	Reynolds, La.
Baker, N. H.	Daniels,	Houk,	Robertson, La.
Baldwin,	De Forest,	Hirt,	Russell, Conn.
Bartholdt,	English,	Joy,	Ryan,
Bartlett,	Everett,	Lawson,	Sipe,
Blanchard,	Felder,	Lefever,	Smith,
Bower, N. C.	Gardner,	Linton,	Somers,
Bratton,	Gillet, Mass.	Loud,	Sperry,
Brickner,	Graham,	Marvin, N. Y.	Stephenson,
Bundy,	Grosvenor,	McClary, Minn.	Straus,
Burns,	Groat,	McDowell,	Tarsney,
Cadmus,	Hager,	McLaurin,	Taylor, Tenn.
Cannon, Ill.	Hainer, Nebr.	Milliken,	Tracey,
Capelhart,	Hall, Minn.	Moran,	Van Voorhis, N. Y.
Causey,	Harris,	Morse,	Warner,
Childs,	Haugen,	Northway,	Washington,
Cobb, Mo.	Heiner, Pa.	Oates,	White,
Cockran,	Henderson, Iowa	Payne,	Wilson, W. Va.
Cooper, Wis.	Hendrix,	Powers,	Wolverton,
Cornish,	Hepburn,	Quigg,	Wright, Pa.
Covert,	Hicks,	Rayner,	
Crain,	Hilborn,	Reed,	

So the substitute was agreed to.

The SPEAKER. The question now is on the engrossment and third reading of the amended bill.

The bill was ordered to be engrossed and read a third time; and it was accordingly engrossed and read the third time.

Mr. TRACEY. Mr. Speaker, I move that the bill be recommitted to the Committee on Coinage, Weights, and Measures without instructions.

The question was taken on the motion of Mr. TRACEY; and the Speaker declared that the yeas seemed to have it.

Mr. TRACEY. I ask for a division.

The House divided; and there were—ayes 72, yeas 160.

Mr. TRACEY. I ask for the yeas and nays.

The yeas and nays were ordered, 72 members voting in favor thereof.

The question was taken; and there were—yeas 132, nays 129, not voting 52; as follows:

YEAS—132.			
Adams, Ky.	Davey,	Hulick,	Rusk,
Adams, Pa.	De Forest,	Hull,	Ryan,
Aldrich,	Dingley,	Johnson, Ind.	Schermerhorn,
Apsley,	Dolliver,	Johnson, N. Dak.	Scranton,
Avery,	Draper,	Joy,	Shaw,
Baker, N. H.	Dunn,	Kiefer,	Sherman,
Baldwin,	Dunphy,	Lapham,	Sickles,
Barnes,	Erdman,	Lockwood,	Somers,
Barwig,	Everett,	Loudenslager,	Sperry,
Belden,	Felder,	Lynch,	Stephenson,
Beltzhoover,	Fletcher,	Magner,	Stevens,
Bingham,	Funk,	Mahon,	Stone, C. W.
Blair,	Gardner,	McAleer,	Stone, W. A.
Boutelle,	Gear,	McCall,	Storer,
Brickner,	Geissenhainer,	McCleary, Minn.	Straus,
Brosius,	Gillet, N. Y.	McEttrick,	Strong,
Burrows,	Goldzier,	Meiklejohn,	Towney,
Cadmus,	Griffin,	Mercer,	Thomas,
Caldwell,	Grout,	Meyer,	Tracey,
Campbell,	Hager,	Mitchler,	Updegraff,
Cannon, Ill.	Hainer,	O'Neil, Mass.	Van Voorhis, Ohio
Cansey,	Haines,	Outhwaite,	Wadsworth,
Chickering,	Hall, Minn.	Page,	Walker,
Clancy,	Harmer,	Payne,	Wanger,
Cobb, Mo.	Harter,	Perkins,	Warner,
Cogswell,	Haugen,	Phillips,	Waugh,
Coombs,	Hayes,	Pigott,	Wells,
Coornish,	Heiner,	Quigg,	Wever,
Cousins,	Henderson, Ill.	Randall,	Wheeler, Ill.
Covert,	Hooker, N. Y.	Reed,	White,
Curtis, N. Y.	Hopkins, Ill.	Reyburn,	Wilson, Ohio
Daniels,	Hopkins, Pa.	Robinson, Pa.	Woomer,
			Wright, Mass.

NAYS—129.			
Abbott,	Cooper, Tex.	Johnson, Ohio	Pendleton, Tex.
Aiken,	Cox,	Jones,	Pendleton, W. Va.
Alderson,	Crawford,	Kem,	Pickler,
Alexander,	Culberson,	Kilgore,	Post,
Allen,	Cummings,	Kribbs,	Reilly,
Arnold,	Curtis, Kans.	Kyle,	Richards,
Bailey,	Davis,	Lacey,	Richardson, Mich.
Baker, Kans.	De Armond,	Lane,	Richardson, Tenn.
Bankhead,	Denson,	Latimer,	Ritchie,
Bell, Colo.	Dinamore,	Layton,	Robbins,
Bell, Tex.	Dockery,	Lester,	Russell, Ga.
Berry,	Donovan,	Lisle,	Sayers,
Black, Ga.	Doolittle,	Livingston,	Settle,
Black, Ill.	Durbinow,	Lucas,	Shell,
Bland,	Edmonds,	Maddox,	Sibley,
Boatner,	Ellis, Ky.	Maguire,	Simpson,
Boen,	Ellis, Oreg.	Mallory,	Snodgrass,
Bowers, Cal.	Enloe,	Marsh,	Springer,
Branch,	Epas,	Marshall,	Stallings,
Breckinridge, Ark.	Fithian,	Martin, Ind.	Stockdale,
Breckinridge, Ky.	Forman,	McCreary, Ky.	Stone, Ky.
Brets,	Funston,	McCulloch,	Straight,
Broderick,	Fyan,	McDearmon,	Swanson,
Brookshire,	Geary,	McGann,	Sweet,
Brown,	Goodnight,	McKaig,	Talbot, S. C.
Bryan,	Gorman,	McKeighan,	Talbot, Md.
Bunn,	Grady,	McMillin,	Tate,
Bynum,	Gresham,	McNagay,	Taylor, Ind.
Cabaniss,	Hall, Mo.	McRae,	Terry,
Caminetti,	Hammond,	Meredith,	Turner, Ga.
Cannon, Cal.	Hare,	Money,	Turner, Va.
Caruth,	Hartman,	Montgomery,	Turpin,
Catchings,	Hatch,	Morgan,	Tyler,
Clark, Mo.	Heard,	Moses,	Weadock,
Clarke, Ala.	Henderson, N. C.	Neill,	Wheeler, Ala.
Cobb, Ala.	Hepburn,	Newlands,	Whiting,
Cockrell,	Herrmann,	Paschal,	Williams, Ill.
Coffeen,	Holman,	Patterson,	Williams, Miss.
Compton,	Hooker, Miss.	Paynter,	Wilson, Wash.
Conn,	Hudson,	Pearson,	Wise,
Cooper, Fla.	Hunter,	Pence,	Woodard,
Cooper, Ind.	Hutcheson,		

NOT VOTING—52.			
Babcock,	English,	Lefever,	Price,
Bartholdt,	Gillet, Mass.	Linton,	Rayner,
Bartlett,	Graham,	Loud,	Robertson, La.
Blanchard,	Grosvenor,	Marvin, N. Y.	Russell, Conn.
Bower, N. C.	Harris,	McDowell,	Sipe,
Brattan,	Henderson, Iowa	McLaurin,	Smith,
Bundy,	Hendricks,	Milliken,	Tarsney,
Burnes,	Hicks,	Moon,	Taylor, Tenn.
Capehart,	Hilborn,	Moree,	Van Voorhis, N. Y.
Childs,	Hines,	Murray,	Washington,
Cockran,	Houk,	Northway,	Wilson, W. Va.
Crain,	Ikert,	Oates,	Wolverton,
Dalzell,	Lawson,	Powers,	Wright, Pa.

So the motion to recommit was rejected.
The question then recurring on the passage of the bill, there were on a division (called for by Mr. Compton)—yeas 154, nays 54.
Mr. TRACEY. I call for the yeas and nays.
The yeas and nays were ordered.
The question was taken; and there were—yeas 103, nays 120, not voting 52; as follows:

YEAS—103.			
Abbott,	Berry,	Broetz,	Caruth,
Aiken,	Black, Ga.	Broderick,	Catchings,
Alderson,	Black, Ill.	Brookshire,	Clark, Mo.
Alexander,	Bland,	Brown,	Clarke, Ala.
Arnold,	Boatner,	Bryan,	Cobb, Ala.
Bailey,	Boen,	Bunn,	Cockrell,
Baker, Kans.	Bowers, Cal.	Bynum,	Coffeen,
Bankhead,	Branch,	Cabaniss,	Conn,
Bell, Colo.	Breckinridge, Ark.	Caminetti,	Cooper, Fla.
Bell, Tex.	Breckinridge, Ky.	Cannon, Cal.	Cooper, Ind.

Cooper, Tex.	Hatch,	McDannold,	Sayers,
Cox,	Heard,	McDearmon,	Settle,
Crawford,	Henderson, N. C.	McGann,	Shell,
Culberson,	Hepburn,	McKeighan,	Sibley,
Curtis, Kans.	Herrmann,	McMillin,	Simpson,
Davey,	Holman,	McNagay,	Snodgrass,
Davis,	Hooker, Miss.	Meredith,	Springer,
De Armond,	Hudson,	Mozev,	Stallings,
Denson,	Hunter,	Montgomery,	Stockdale,
Dinamore,	Hutcheson,	Morgan,	Stone, Ky.
Dockery,	Jones,	Moses,	Strait,
Donovan,	Kem,	Murray,	Swanson,
Doolittle,	Kilgore,	Neill,	Sweet,
Durbinow,	Kribbs,	Newlands,	Talbot, S. C.
Edmonds,	Kyle,	Paschal,	Tate,
Ellis, Ky.	Lacey,	Patterson,	Taylor, Ind.
Ellis, Oreg.	Lane,	Paynter,	Terry,
Enloe,	Latimer,	Pearson,	Tucker,
Epas,	Layton,	Fence,	Turner, Ga.
Fithian,	Lester,	Pendleton, Tex.	Turner, Va.
Forman,	Lisle,	Pendleton, W. Va.	Turpin,
Funston,	Livingston,	Pickler,	Tyler,
Fran,	Lucas,	Post,	Weadock,
Geary,	Maddox,	Price,	Wheeler, Ala.
Goodnight,	Maguire,	Reilly,	White,
Gorman,	Mallory,	Reichards,	Whiting,
Grady,	Marsh,	Richardson, Mich.	Williams, Ill.
Gresham,	Marshall,	Richardson, Tenn.	Williams, Miss.
Hall, Mo.	Martin, Ind.	Ritchie,	Wilson, Wash.
Hammond,	McCleary, Minn.	Robbins,	Wise,
Hare,	McCreary, Ky.	Russell, Ga.	Woodard,
Hartman,	McCulloch,		The Speaker.

NAYS—129.			
Adams, Ky.	De Forest,	Johnson, N. Dak.	Schermerhorn,
Aldrich,	Dingley,	Johnson, Ohio	Scranton,
Apsley,	Dolliver,	Joy,	Shaw,
Avery,	Draper,	Kiefer,	Sherman,
Babcock,	Dunphy,	Lapham,	Sickles,
Baker, N. H.	Erdman,	Lockwood,	Somers,
Barnes,	Everett,	Loud,	Sperry,
Barwig,	Felder,	Loudenslager,	Stephenson,
Belden,	Fletcher,	Lynch,	Stevens,
Beltzhoover,	Funk,	Magner,	Stone, C. W.
Blair,	Gardner,	Mahon,	Stone, W. A.
Boutelle,	Gear,	McAleer,	Storer,
Brickner,	Geissenhainer,	McCall,	Straus,
Brosius,	Gillet, N. Y.	McEttrick,	Strong,
Burrows,	Goldzier,	McKaig,	Talbot, Md.
Cadmus,	Griffin,	Mercer,	Towney,
Caldwell,	Grout,	Meyer,	Tracey,
Campbell,	Hager,	Mitchler,	Updegraff,
Cannon, Ill.	Hainer,	O'Neil, Mass.	Van Voorhis, Ohio
Cansey,	Haines,	Outhwaite,	Wadsworth,
Chickering,	Harmer,	Page,	Walker,
Clancy,	Harter,	Payne,	Wanger,
Cobb, Mo.	Haugen,	Perkins,	Warner,
Cogswell,	Hayes,	Phillips,	Waugh,
Compton,	Heiner,	Pigott,	Wells,
Coombs,	Henderson, Ill.	Quigg,	Wever,
Cooper, Wis.	Hitt,	Randall,	Wheeler, Ill.
Cornish,	Hooker, N. Y.	Reed,	Wilson, Ohio
Cousins,	Hopkins, Ill.	Reyburn,	Woomer,
Covert,	Hopkins, Pa.	Robinson, Pa.	Wright, Mass.
Cummings,	Hulick,	Ryan,	
Curtis, N. Y.	Hull,		
Daniels,	Johnson, Ind.		

NOT VOTING—52.			
Adams, Pa.	Crain,	Houk,	Rayner,
Allen,	Dalzell,	Ikert,	Robertson, La.
Baldwin,	Dunn,	Lawson,	Rusk,
Bartholdt,	English,	Lefever,	Russell, Conn.
Bartlett,	Gillet, Mass.	Linton,	Sipe,
Bingham,	Graham,	Marvin, N. Y.	Smith,
Blanchard,	Grosvenor,	McDowell,	Tarnoy,
Bower, N. C.	Hall, Minn.	McLaurin,	Taylor, Tenn.
Brattan,	Harris,	Milliken,	Thomas,
Bundy,	Henderson, Iowa	Moon,	Van Voorhis, N. Y.
Burnes,	Hendrix,	Moree,	Washington,
Capehart,	Hicks,	Northway,	Wilson, W. Va.
Childs,	Hilborn,	Oates,	Wolverton,
Cockran,	Hines,	Powers,	Wright, Pa.

So the bill was passed.
Mr. RYAN. I ask for a recapitulation of the vote.
The vote having been recapitulated—
The SPEAKER. On this question the yeas are 103 and the nays 120. So the bill is passed. [Loud applause on the Democratic side.]
On motion of Mr. BLAND, a motion to reconsider the last vote was laid on the table.

IN THE SENATE

[March 5, 1894.]

Received from the House, read the first time by its title, and laid on the table.

Mr. STEWART. I give notice of an amendment which I intend to submit to the bill, which I ask may be read and lie on the table.

The VICE-PRESIDENT. The proposed amendment will be read.

The SECRETARY. It is proposed to add to the bill the following sections:
"SEC. 3. That the silver coins of the United States shall be composed of standard silver. That of the silver coins the dollar shall be of the weight of 412 grains; the half dollar of the weight of 206 grains; the quarter dollar of the weight of 103 grains; and the dime, or tenth part of a dollar, of the weight of 41 grains. And that dollars, half dollars, quarter dollars, and dimes shall be legal tenders of payment, according to their nominal value, for any sum whatever.

"SEC. 4. That silver bullion brought to any mint of the United States for coinage shall be received and coined by the proper officers for the benefit of the depositor: Provided, That it shall be lawful to refuse, at the mint, any deposit of less value than \$100 and any bullion so base as to be unsuitable for the operations of the mint.

"SEC. 5. That the depositor of silver bullion at any mint of the United States for coinage, shall, as soon as the coinage value thereof can be determined, receive therefor, at his option, such coinage value in silver coin or silver certificates of the description now provided by law; and such silver certificates and all other silver certificates heretofore or hereafter issued by the United States shall be a legal tender in payment of all debts, public and private."

[March 7, 1894.]

Read the second time.
Mr. SHERMAN. I desire to enter a motion to refer the bill to the Committee on Finance, if it has already been taken up.

Mr. HARRIS. The bill has been read a second time by title, and I ask unanimous consent that it be taken up for consideration.

Mr. SHERMAN. Before that is done, I move that the bill be referred to the Committee on Finance.

The PRESIDING OFFICER. The question recurs on the motion of the Senator from Ohio [Mr. SHERMAN] to refer the pending bill to the Committee on Finance.

Mr. STEWART. On that motion I ask for the yeas and nays.
The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The result was announced—yeas 6, nays 50; as follows:

YEAS—6.

Davis,	Morrill,	Sherman,	Vilas.
Gallinger,	Palmer,		

NAYS—50.

Aldrich,	Faulkner,	Lindsay,	Quay,
Allen,	George,	Ransom,	Roach,
Allison,	Gibson,	Manderson,	Shoup,
Bate,	Gordon,	Martin,	Squire,
Berry,	Hale,	Mills,	Stewart,
Butler,	Hansbrough,	Mitchell of Oreg.	Stockbridge,
Call,	Harris,	Pasco,	Teller,
Carey,	Hawley,	Peffer,	Turpie,
Cockrell,	Hoar,	Perkins,	Voorhees,
Coke,	Hunton,	Pettigrew,	Wolcott.
Daniel,	Irby,	Platt,	
Dolph,	Jones of Ark.	Power,	
Dubois,	Kyle,	Pugh,	

NOT VOTING—29.

Blackburn,	Dixon,	McMillan,	Vest,
Brice,	Frye,	McPherson,	Washburn,
Caffery,	Gorman,	Mitchell of Wis.	White, Cal.
Camden,	Gray,	Morgan,	White, La.
Cameron,	Higgins,	Murphy,	Wilson.
Chandler,	Hill,	Proctor,	
Colquitt,	Jones of Nev.	Smith,	
Cullom,	McLaurin,	Vance,	

So the Senate refused to refer the bill to the Committee on Finance.

The PRESIDING OFFICER. The Chair is informed that the pending bill has not been read at length, as in Committee of the Whole. The Secretary will therefore read the bill at length.

The Secretary read the bill, as follows:

"Be it enacted, etc., That the Secretary of the Treasury shall immediately cause to be coined as fast as possible the silver bullion held in the Treasury, purchased under the act of July 14, 1890, entitled 'An act directing the purchase of silver bullion and the issuing of Treasury notes thereon, and for other purposes,' to the amount of the gain or seigniorage of such bullion, to wit: The sum of \$35,150,881, and such coin or the silver certificates issued thereon shall be used in the payment of public expenditures; and the Secretary of the Treasury may, in his discretion, if the needs of the Treasury demand it, issue silver certificates in excess of such coinage: *Provided*, That said excess shall not exceed the amount of the seigniorage as herein authorized to be coined.

"SEC. 2. After the coinage provided for in the first section of this act, the remainder of the silver bullion purchased in pursuance of said act of July 14, 1890, shall be coined into legal-tender standard silver dollars as fast as possible, and the coin shall be held in the Treasury for the redemption of the Treasury notes issued in the purchase of said bullion. That as fast as the bullion shall be coined for the redemption of said notes, the notes shall not be reissued, but shall be canceled and destroyed in amounts equal to the coin held at any time in the Treasury, derived from the coinage herein provided for, and silver certificates shall be issued on such coin in the manner now provided by law: *Provided*, That this act shall not be construed to change existing law relating to the legal-tender character or mode of redemption of the Treasury notes issued under said act of July 14, 1890.

"SEC. 3. That a sufficient sum of money is hereby appropriated to carry into effect the provisions of this act."

The PRESIDING OFFICER. The bill is before the Senate as in Committee of the Whole, and open to amendment. If there be no amendment, the bill will be reported to the Senate.

The bill was reported to the Senate without amendment.

The PRESIDING OFFICER. The bill is in the Senate and open to amendment. If there be no amendment, the question is, Shall the bill be ordered to a third reading, and read the third time? If there be no amendment, the question is, Shall the bill be ordered to a third reading? [Putting the question.] The yeas have it. The bill will be read a third time.
The bill was read the third time.

The PRESIDING OFFICER. The bill has been read the third time, and the question now before the Senate is on the passage of the bill.

Mr. ALLISON. Then I move a reconsideration of the vote whereby the bill was passed to a third reading.

[March 4, 1894.]

The PRESIDING OFFICER. The question is on the motion of the Senator from Iowa [Mr. ALLISON] to reconsider the vote whereby the bill was ordered to a third reading. [Putting the question.] The yeas appear to have it.

Mr. QUAY and Mr. ALDRICH called for the yeas and nays; and they were ordered.

The Secretary proceeded to call the roll.

The result was announced—yeas 28, nays 45; as follows:

YEAS—28.

Aldrich,	Davis,	Lodge,	Proctor,
Allison,	Dolph,	McMillan,	Quay,
Brice,	Frye,	McPherson,	Smith,
Caffery,	Gallinger,	Manderson,	Stockbridge,
Carey,	Hale,	Mitchell of Wis.	Vilas,
Chandler,	Hawley,	Morrill,	Washburn,
Cullom,	Hoar,	Palmer,	Wilson.

NAYS—45.

Allen,	Dubois,	Mills,	Shoup,
Bate,	Faulkner,	Mitchell of Oreg.	Squire,
Berry,	Gibson,	Morgan,	Stewart,
Blackburn,	Gordon,	Murphy,	Teller,
Blanchard,	Hansbrough,	Pasco,	Turpie,
Butler,	Harris,	Peffer,	Vest,
Call,	Hill,	Perkins,	Voorhees,
Camden,	Irby,	Pettigrew,	White,
Cockrell,	Jones of Ark.	Power,	Wolcott.
Coke,	Kyle,	Pugh,	
Colquitt,	Lindsay,	Ransom,	
Daniel,	Martin,	Roach,	

NOT VOTING—12.

Cameron,	Gorman,	Hunton,	Platt,
Dixon,	Gray,	Jones of Nev.	Sherman,
George,	Higgins,	McLaurin,	Vance.

So the Senate refused to reconsider the vote by which the bill was ordered to a third reading.

Mr. HARRIS. Under the consent rule agreed upon some days since the Senator from Nebraska [Mr. MANDERSON] has now the right, if he chooses to exercise it, to move to commit the bill.

Mr. MANDERSON. Understanding that it is no violation of the unanimous-consent rule, I move that the bill be committed to the Committee on Finance with instructions to amend the bill so as to provide that the silver certificates which are to be issued by the first section shall be issued only in anticipation of or in lieu of the seigniorage provided to be coined.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska [Mr. MANDERSON] to commit the bill with instructions.

Mr. MANDERSON. On that question I ask for the yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The roll call having been concluded, the vote was announced—yeas 27, nays 44; as follows:

YEAS—27.

Aldrich,	Davis,	Lodge,	Proctor,
Allison,	Dolph,	McMillan,	Smith,
Brice,	Frye,	McPherson,	Stockbridge,
Caffery,	Gallinger,	Manderson,	Vilas,
Carey,	Hale,	Mitchell of Wis.	Washburn,
Chandler,	Hawley,	Morrill,	Wilson.
Cullom,	Hoar,	Palmer,	

NAYS—44.

Allen,	Dubois,	Martin,	Quay,
Bate,	Faulkner,	Mills,	Ransom,
Berry,	Gibson,	Mitchell of Oreg.	Roach,
Blackburn,	Gordon,	Morgan,	Shoup,
Blanchard,	Hansbrough,	Murphy,	Stewart,
Butler,	Harris,	Pasco,	Teller,
Call,	Hill,	Peffer,	Turpie,
Camden,	Irby,	Perkins,	Vest,
Cockrell,	Jones of Ark.	Pettigrew,	Voorhees,
Coke,	Kyle,	Power,	White,
Colquitt,	Lindsay,	Pugh,	Wolcott.

NOT VOTING—14.

Cameron,	Gorman,	Jones of Nev.	Squire,
Daniel,	Gray,	McLaurin,	Vance.
Dixon,	Higgins,	Platt,	
George,	Hunton,	Sherman,	

So the Senate refused to commit the bill to the Committee on Finance.

[March 15, 1894.]

The PRESIDING OFFICER. The bill before the Senate having been ordered to a third reading, and read the third time, the question is, Shall the bill pass? Mr. GALLINGER. On that question I ask for the yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

The roll call having been concluded, the result was announced—yeas 44 nays 31; as follows:

YEAS—44.

Allen,	Dubois,	McLaurin,	Quay,
Bate,	Faulkner,	Martin,	Ransom,
Berry,	George,	Mills,	Roach,
Blackburn,	Gordon,	Mitchell of Oreg.	Shoup,
Blanchard,	Hansbrough,	Morgan,	Stewart,
Butler,	Harris,	Pasco,	Teller,
Call,	Hunton,	Peffer,	Turpie,
Cockrell,	Irby,	Perkins,	Vest,
Coke,	Jones of Ark.	Pettigrew,	Voorhees,
Colquitt,	Kyle,	Power,	White,
Daniel,	Lindsay,	Pugh,	Wolcott.

NAYS—31.

Aldrich,	Dolph,	Lodge,	Platt,
Allison,	Frye,	McMillan,	Proctor,
Brice,	Gallinger,	McPherson,	Smith,
Caffery,	Gibson,	Manderson,	Stockbridge,
Carey,	Gorman,	Mitchell of Wis.	Vilas,
Chandler,	Hale,	Morrill,	Washburn,
Cullom,	Hawley,	Murphy,	Wilson.
Davis,	Higgins,	Palmer,	

Camden, Gray, Jones of Nev. Vance.
Cameron, Hill, Sherman,
Dixon, Hoar, Squire,

So the bill was passed.

[March 17, 1894.]

Signed by the Speaker of the House.

[March 19, 1894.]

Signed by the Vice-President.

[April 4, 1894.]

The bill was vetoed, and following is the vote on passage over the veto:

YEAS—144.

Aitken,	Cox,	Lane,	Pickler,
Alderson,	Crawford,	Latimer,	Post,
Alexander,	Culbertson,	Lawson,	Richards, Ohio
Allen,	Curtis, Kans.	Layton,	Richardson, Mich.
Arnold,	Davis,	Lester,	Richardson, Tenn.
Hailey,	De Armond,	Livingston,	Ritchie,
Baker, Kans.	Dinsmore,	Maguire,	Robbins,
Bankhead,	Dockery,	Mallory,	Russell, Ga.
Bell, Colo.	Doolittle,	Marsh,	Sayers,
Bell, Tex.	Edmunds,	Marshall,	Shell,
Black, Ga.	Ellis, Oreg.	Martin, Ind.	Sibley,
Bland,	Enloe,	McClary, Minn.	Simpson,
Boatner,	Epes,	McCreary, Ky.	Snodgrass,
Boen,	Funston,	McCulloch,	Springer,
Bower, N. C.	Geary,	McDannold,	Stallings,
Bowers, Cal.	Grady,	McDearmon,	Stockdale,
Branch,	Gresham,	McGann,	Stone, Ky.
Breckinridge, Ark.	Hall, Mo.	McLaurin,	Strait,
Bretz,	Hammond,	McMillin,	Sweet,
Broderick,	Hare,	McNagly,	Talbot, S. C.
Brookshire,	Harris,	McRae,	Tate,
Brown,	Hartman,	Meredith,	Taylor, Ind.
Calanias,	Hatch,	Money,	Terry,
Caminetti,	Henderson, N. C.	Montgomery,	Turner,
Cannon, Cal.	Hepburn,	Moon,	Turner, Ga.
Capehart,	Hermann,	Morgan,	Turner, Va.
Catchings,	Holman,	Moses,	Tyler,
Clark, Mo.	Hooker, Miss.	Neill,	Washington,
Clarke, Ala.	Hudson,	Oates,	Wheeler, Ala.
Cobb, Ala.	Hunter,	O'Neill, Mo.	Whiting,
Cockrell,	Hutcherson,	Paschal,	Williams, Ill.
Coffeen,	Ikert,	Patterson,	Williams, Miss.
Conn,	Jones,	Paynter,	Wilson, Wash.
Cooper, Fla.	Kilgore,	Pence,	Wise,
Cooper, Ind.	Kyle,	Pendleton, Tex.	Woodard,
Cooper, Tex.	Lacey,	Pendleton, W. Va.	The Speaker.

NAYS—114.

Adams, Pa.	Cummings,	Hitt,	Ray,
Apsley,	Curtis, N. Y.	Hopkins, Ill.	Rayner,
Avery,	Davey,	Hulick,	Reed,
Babcock,	De Forest,	Hull,	Reynolds,
Baker, N. H.	Dingley,	Johnson, N. Dak.	Russell, Conn.
Baldwin,	Dunn,	Kiefer,	Ryan,
Bartlett,	Dunphy,	Kribbs,	Schermerhorn,
Barwig,	English, N. J.	Lefever,	Sherman,
Belden,	Erdman,	Lockwood,	Sickles,
Berry,	Everett,	Loudenslager,	Smith,
Blair,	Fletcher,	Lynch,	Stephenson,
Brickner,	Funk,	Marvin, N. Y.	Stone, C. W.
Brosius,	Gardner,	McAleer,	Straus,
Burrows,	Gear,	McErick,	Talbot, Md.
Bynum,	Geissenhainer,	McKaig,	Tawney,
Cadmus,	Goldzier,	Meiklejohn,	Thomas,
Campbell,	Gorman,	Mercer,	Tracey,
Cannon, Ill.	Grout,	Meyer,	Turpin,
Caruth,	Grow,	Milliken,	Updegraff,
Cansey,	Hager,	Morse,	Walker,
Chickering,	Hammer, Nebr.	Matchler,	Wanger,
Childs,	Haines,	Northway,	Warner,
Clancey,	Hall, Minn.	O'Neill, Mass.	Wells,
Cobb, Mo.	Harter,	Outwaite,	Weyer,
Cockran,	Hayes,	Payne,	Wilson, Ohio
Coombs,	Henderson, Ill.	Perkins,	Wolverton,
Cornish,	Hendrix,	Phillips,	Wright, Mass.
Cousins,	Hicks,	Pigott,	
Covert,	Hines,	Quigg,	

NOT VOTING—95.

Abbott,	Donovan,	Johnson, Ohio	Scranton,
Adams, Ky.	Draper,	Kem,	Settle,
Aldrich,	Durbinow,	Lapham,	Shaw,
Barnes,	Ellis, Ky.	Linton,	Sipe,
Bartholdt,	English, Cal.	Lisle,	Somers,
Beltzhoover,	Fielder,	Loud,	Sperry,
Bingham,	Fithian,	Lucas,	Stevens,
Black, Ill.	Forman,	Maddox,	Stone, W. A.
Boutelle,	Fyan,	Magner,	Storer,
Brattan,	Gillet, N. Y.	Mahon,	Strong,
Breckinridge, Ky.	Gillet, Mass.	McCall,	Swanson,
Bryan,	Goodnight,	McDowell,	Tarsney,
Bundy,	Graham,	McKeighan,	Taylor, Tenn.
Bunn,	Griffin,	Murray,	Van Voorhis, N. Y.
Burnes,	Grosvener,	Newlands,	Van Voorhis, Ohio
Caldwell,	Harmer,	Page,	Wadsworth,
Cogswell,	Haugen,	Pearson,	Wadsworth,
Compton,	Heard,	Powers,	Weadock,
Cooper, Wis.	Heiner, Pa.	Price,	Wheeler, Ill.
Crain,	Henderson, Iowa	Randall,	White,
Dalzell,	Hooker, N. Y.	Reilly,	Wilson, W. Va.
Daniels,	Hopkins, Pa.	Robertson, La.	Woomer,
Denson,	Houk,	Robinson, Pa.	Wright, Pa.
Dolliver,	Johnson, Ind.	Rusk,	

So (two-thirds not voting in the affirmative) the bill was not repassed.

CONGRESSIONAL RECORD index to proceedings, on H. R. 1 to repeal part of Sherman Act, first session, Fifty-third Congress.

	Page.
Introduced by Mr. Wilson of West Virginia, and made special order.	241
Debated in House.....	241, 244, 257, 302, 351, 305, 434, 463, 478, 505, 540, 556, 613, 640, 690, 754, 793, 841, 886, 930, 990, 999, 1003
Passed House.....	1003, 1008
Referred to Senate Committee on Finance.....	1001
Reported back with amendment.....	1009
Debated.....	1049, 1091, 1101, 1125, 1188, 1198, 1209, 1245, 1247, 1301, 1320, 1348, 1375, 1403, 1439, 1471, 1502, 1534, 1569, 1598, 1630, 1678, 1734, 1740, 1838, 1870, 1908, 1980, 1972, 2003, 2007, 2012, 2061, 2106, 2151, 2186, 2259, 2330, 2362, 2382, 2383, 2401, 2461, 2463, 2508, 2540, 2708, 2710, 2728, 2730, 2756, 2758, 2770, 2771, 2791, 2792, 2793, 2816, 2818, 2837, 2838, 2852, 2880, 2884, 2902, 2903, 2923, 2929
Amended and passed Senate.....	2958
Debated and Senate amendment concurred in by House.....	3000, 3057
Examined and signed.....	3049, 3067
Approved by President.....	3100

BONDS TO MAINTAIN GOLD RESERVE.

In House, February 7, 1895, on H. R. 8705, to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve, and to redeem and retire United States notes, and for other purposes, introduced and reported by Mr. SPRINGER (Democrat), from the Committee on Banking and Currency, the following substitute, submitted by Mr. REED (Republican), was disagreed to:

"Be it enacted, etc., That to enable the Secretary of the Treasury to provide for and maintain the redemption of United States notes according to the provisions of the act approved January 14, 1875, entitled 'An act to provide for the resumption of specie payments,' he is authorized, in addition to the power he now has under said act, from time to time, at his discretion, to issue, sell, and dispose of, at not less than par in coin, either of the description of bonds authorized in said act, or coupon or registered bonds of the United States, to an amount sufficient for the objects herein stated, bearing not to exceed 3 per cent interest per annum, payable semiannually, and redeemable, at the pleasure of the United States, in coin, after five years from their date, with like qualities, privileges, and exemptions provided in said act for the bonds therein authorized. And the Secretary of the Treasury shall use the proceeds thereof for the purposes herein provided for, and none other."

"Sec. 2. That to enable the Secretary to pay the current expenses of the Government so long as the current revenues shall be deficient he is authorized and required from time to time, in his discretion, to issue, sell, and dispose of, at not less than par, such an amount of certificates of indebtedness of the denomination of twenty-five, fifty, and one hundred dollars, or any multiple thereof, as may be needed for that purpose, bearing not to exceed 3 per cent interest per annum, payable semiannually, and redeemable at the pleasure of the Government, in coin, after two years from their date, with like qualities, privileges, and exemptions provided in the act approved January 14, 1875. The Secretary may at his discretion sell and dispose of the same for not less than an equal amount of lawful money of the United States, at designated depositories of the United States, and at such post-offices as he may select, and the Secretary shall use the proceeds thereof for the purpose provided for in this section, and for none other."

YEAS—107.

Adams, Ky.	Dingley,	Hull,	Reed,
Adams, Pa.	Dolliver,	Johnson, N. Dak.	Russell, Conn.
Aitken,	Doolittle,	Kiefer,	Scranton,
Aldrich,	Draper,	Lacey,	Settle,
Avery,	Ellis, Oreg.	Lawson,	Shell,
Babcock,	Fletcher,	Lefever,	Smith,
Baker, N. H.	Gardner,	Loud,	Stephenson,
Bingham,	Geary,	Loudenslager,	Stone, C. W.
Blair,	Gillet, Mass.	Lucas,	Stone, W. A.
Boutelle,	Griffin, Mich.	Mahon,	Storer,
Bowers, Cal.	Griffin, Wis.	Marshall,	Strong,
Broderick,	Grosvener,	Marvin, N. Y.	Tawney,
Bromwell,	Grow,	McClary, Minn.	Taylor, Tenn.
Brosius,	Hager,	McDowell,	Thomas,
Bundy,	Hainer, Nebr.	Meiklejohn,	Updegraff,
Cannon, Cal.	Harmer,	Mercer,	Van Voorhis, N. Y.
Cannon, Ill.	Haugen,	Moon,	Van Voorhis, Ohio
Chickering,	Henderson, Ill.	Northway,	Wadsworth,
Coffin, Md.	Henderson, Iowa	Payne,	Walker,
Cooper, Wis.	Hepburn,	Pondleton, Tex.	Wanger,
Cousins,	Hermann,	Perkins,	Wang,
Crain,	Hicks,	Phillips,	Wheeler, Ill.
Curtis, Kans.	Hitt,	Pickler,	White,
Dalzell,	Hooker, N. Y.	Powers,	Wilson, Ohio
Daniels,	Hopkins, Ill.	Quigg,	Woomer,
Davey,	Hulick,	Randall,	Wright,
		Ray,	

NAYS—189.

Alderson,	Campbell,	Ellis, Ky.	Holman,
Alexander,	Caruth,	English, Cal.	Hooker, Miss.
Arnold,	Cansey,	Enloe,	Hudson,
Baker, Kans.	Clancey,	Epes,	Hunter,
Baldwin,	Clark, Mo.	Erdman,	Hutcherson,
Bankhead,	Clarke, Ala.	Everett,	Ikert,
Barnes,	Cobb, Ala.	Fielder,	Islar,
Bartlett,	Cobb, Mo.	Fithian,	Kem,
Barwig,	Cockrell,	Forman,	Kribbs,
Beckner,	Coffeen, Wyo.	Fyan,	Kyle,
Bell, Colo.	Conn,	Geissenhainer,	Lane,
Beltzhoover,	Coombs,	Goldzier,	Lapham,
Berry,	Cooper, Fla.	Goodnight,	Latimer,
Black,	Cooper, Ind.	Gorman,	Layton,
Bland,	Cornish,	Grady,	Lester,
Boatner,	Covert,	Gresham,	Little,
Boen,	Cox,	Haines,	Livingston,
Bower, N. C.	Crawford,	Hall, Minn.	Lockwood,
Branch,	Culbertson,	Hall, Mo.	Lynch,
Breckinridge,	Davis,	Hammond,	Maddox,
Bretz,	De Armond,	Harris,	Maguire,
Brickner,	De Forest,	Harrison,	Mallory,
Brookshire,	Denson,	Hartman,	Marshall,
Brown,	Dinsmore,	Hatch,	McAleer,
Bryan,	Dockery,	Heard,	McCreary, Ky.
Bynum,	Donovan,	Henderson, N. C.	McDannold,
Calanias,	Dunphy,	Henry,	McGann,
Cadmus,	Durbinow,	Hines,	McKaig,
Caminetti,	Edmunds,		

McKeighan, Paschal, Simpson, Tracey,
McLaurin, Patterson, Sipe, Turner, Ga.
McMillin, Pearson, Snodgrass, Turner, Va.
McNagay, Pendleton, W. Va. Somers, Turpin,
McRae, Pigott, Sorg, Tyler,
Meredith, Reilly, Sperry, Warner,
Meyer, Reyburn, Springer, Washington,
Money, Richards, Stallings, Wells,
Montgomery, Richardson, Mich. Stockdale, Wheeler, Ala.
Moore, Richardson, Tenn. Stone, Ky. Whiting,
Morgan, Ritchie, Straits, Williams, Ill.
Moses, Robbins, Strans, Williams, Miss.
Mutchler, Robertson, La. Swanson, Wilson, W. Va.
Neill, Russell, Ga. Talbert, S. C. Wise,
Newlands, Ryan, Talbot, Md. Wolverton,
O'Neill, Mass. Sayers, Tarsney, Woodard,
O'Neill, Mo. Schermerhorn, Tate,
Outhwaite, Sibley, Taylor, Ind.
Page, Sickles, Terry,

ANSWERED "PRESENT"—4.

Hayes, Jones, Kilgore.
NOT VOTING—49.
Abbott, Cooper, Tex. Johnson, Ohio
Allen, Dunn, Linton, Robinson, Pa.
Apley, English, N. J. Magnier, Rusk,
Bartholdt, Fink, Martin, Ind.
Belden, Gear, McCall, Sherman,
Bell, Tex. Gillet, N. Y. McDermott, Stevens,
Bunn, Graham, McErick, F. root,
Burnes, Hare, Milliken, Tucker,
Capehart, Harter, Morse, Wendock,
Catching, Heiner, Pa. Murray, Wever,
Childs, Hopkins, Pa. Ogden, Wilson, Wash.
Cockran, Houk, Pence,
Cogswell, Johnson, Ind. Price,

The House refused to order the bill to be engrossed and read the third time.

YEAS—134.

Adams, Pa. De Forest, Kribbs, Ryan,
Aldrich, Dingley, Lapham, Schermerhorn,
Babcock, Draper, Lefever, Scrantom,
Baldwin, Dunphy, Lockwood, Sickles,
Barnes, Durbinow, Lynch, Sipe,
Bartlett, English, Cal. Mahon, Smith,
Barwig, Erdman, Marvin, N. Y. Somers,
Beckner, Everett, McAleer, Sorg,
Belthoover, Fielder, McDannold, Sperry,
Berry, Fletcher, McGann, Stevens,
Bingham, Forman, McKaig, Stone, C. W.
Boutelle, Gardner, Meyer, Stone, W. A.
Brickner, Geisenhainer, Montgomery, Stone, Ky.
Brosius, Gillett, Mass. Mutchler, Storer,
Bynum, Gillett, Mass. O'Neill, Mo. Straus,
Cadmus, Goldzier, O'Neill, Mo. Talbot, Md.
Caminetti, Gorman, Outhwaite, Tarsney,
Campbell, Gresham, Page, Tracey,
Caruth, Griffin, Mich. Paschal, Turner, Ga.
Catching, Griffin, Wis. Patterson, Turner, Va.
Causay, Grout, Payne, Turpin,
Chickering, Haines, Pearson, Updegraff,
Clancy, Hall, Minn. Pendleton, W. Va. Van Voorhis, N. Y.
Clarke, Ala. Hammond, Powers, Wadsworth,
Cobb, Mo. Harmer, Quigg, Wanger,
Coffin, Md. Harrison, Randall, Warner,
Coombs, Haugen, Ray, Washington,
Cooper, Fla. Hayes, Reed, Wells,
Cooper, Ind. Hendrix, Reilly, Wilson, W. Va.
Cornish, Henry, Hicks, Reyburn, Wolverton,
Covert, Hines, Hooker, N. Y. Richards, Woerner,
Craib, Dalzell, Kiefer, Ritchie, Wright,
Daniels, Russell, Conn.

NAYS—162.

Adams, Ky. De Armond, Johnson, N. Dak. Perkins,
Aitken, Denson, Kem, Pickler,
Alderson, Dinamore, Kyle, Randall,
Alexander, Dockery, Lacey, Richardson, Mich.
Arnold, Dolliver, Lane, Richardson, Tenn.
Avery, Donovan, Latimer, Robbins,
Baker, Kans. Doolittle, Robertson, La.
Baker, N. H. Doolittle, Russell, Ga.
Bankhead, Ellis, Ky. Layton, Sayers,
Bell, Colo. Enloe, Little, Settle,
Black, Ga. Epes, Livingston, Sibley,
Blair, Fithian, Loud, Simpson,
Bland, Fyan, Loudenslager, Snodgrass,
Boatner, Goodnight, Lucas, Springer,
Boen, Grady, Maddox, Stallings,
Bower, N. C. Grosvenor, Maguire, Stephenson,
Bowers, Cal. Grow, Stockdale, Straits,
Branch, Hager, Marsh, Strong,
Breckinridge, Hainer, Nebr. Marshall, Swanson,
Bretz, Hall, Mo. McCleary, Minn. Talbert, S. C.
Ederick, Harris, McCulloch, Tate,
Bromwell, Hartman, McDowell, Tawney,
Brookshire, Hatch, McKaigh, Taylor, Ind.
Brown, Heard, McKaigh, Taylor, Tenn.
Bryan, Henderson, Ill. McMullin, Terry,
Bundy, Henderson, Iowa. McNagay, Thomas,
Cannon, Cal. Hepburn, Van Voorhis, Ohio
Cannon, Ill. Hermann, Walker,
Childs, Hitt, Mercer, Waugh,
Clark, Mo. Holman, Meredith, Wendock,
Cobb, Ala. Hooker, Miss. Moore, Wheeler, Ala.
Cockrell, Hopkins, Ill. Moon, Whiting, Ill.
Coffee, Wyo. Hopkins, Pa. Morgan, Williams, Ill.
Conn. Hudson, Hulick, Northway, Williams, Miss.
Cooper, Wis. Hull, Ogden, Wilson, Wash.
Cousins, Hunter, Hutcheson,
Cox, Ikirt, Inlar,

ANSWERED "PRESENT"—4.

Bailey, Edmunds, Jones, Kilgore.
NOT VOTING—48.
Abbott, Cooper, Tex. Houk, Pence,
Allen, Culberson, Johnson, Ind. Phillips,
Apley, Curtis, N. Y. Johnson, Ohio Price,
Bartholdt, Dunn, Linton, Rayner,
Belden, English, N. J. Magnier, Robinson, Pa.
Bell, Tex. Funk, Martin, Ind. Rusk,
Bunn, Gear, McCall, Sherman,
Burnes, Gillet, N. Y. McDermott, Sweet,
Capehart, Graham, McErick, Tucker,
Catching, Hare, Milliken, Wendock,
Cockran, Harter, Morse, Wever,
Cogswell, Heiner, Pa. Murray, Wilson, Wash.

ISSUE OF GOLD BONDS.

In House February 14, 1895, Mr. WILSON of West Virginia, (Democrat) introduced the following joint resolution; which was considered on this day:

"A joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds.

"Resolved, etc., That the Secretary of the Treasury be, and he is hereby, authorized to issue and dispose of at not less than par in gold coin, bonds of the United States, with the qualities, privileges, and exemptions of bonds issued under the act approved July 14, 1870, entitled 'An act authorizing the refunding of the national debt,' to an amount not exceeding \$65,116,275, bearing interest at a rate not exceeding 3 per cent per annum, principal and interest payable in gold coin of the present standard of weight and fineness, said bonds to be made payable not more than thirty years after date: *Provided, however, That no part of the proceeds of the sale of such bonds nor of the notes redeemed with such proceeds shall be available for the payment of the current expenses of the Government.*"

After debate the resolution was disagreed to.

YEAS—120.

Adams, Pa. Curtis, N. Y. Kribbs, Richards,
Aldrich, Daniels, Lapham, Robinson, Pa.
Apley, Davey, Lefever, Russell, Conn.
Babcock, De Forest, Lockwood, Ryan,
Baldwin, Dingley, Lynch, Schermerhorn,
Barnes, Draper, Martin, Ind. Sickles,
Bartholdt, Dunn, Marvin, N. Y. Sorg,
Barwig, Durbinow, McCreary, Ky. Sperry,
Beckner, English, Cal. McGann, Springer,
Belthoover, Erdman, McKaig, Stevens,
Berry, Everett, Meyer, Stone, C. W.
Breckinridge, Fielder, Montgomery, Stone, W. A.
Brickner, Forman, Morse, Stone, Ky.
Brosius, Geisenhainer, O'Neill, Mass. Storer,
Bynum, Gillet, N. Y. O'Neill, Mo. Straus,
Cadmus, Gillett, Mass. Page, Tracey,
Campbell, Gorman, Paschal, Turner, Ga.
Caruth, Goldzier, Fatterson, Turpin,
Catching, Gahan, Payne, Updegraff,
Causay, Graham, Pearson, Wadsworth,
Chickering, Griffin, Mich. Pendleton, W. Va. Wanger,
Clancy, Grouk, Powers, Warner,
Clarke, Ala. Haines, Price, Washington,
Cobb, Mo. Hall, Minn. Quigg, Wells,
Coombs, Hammond, Ray, Wilson, W. Va.
Cooper, Fla. Harrison, Reed, Wise,
Cooper, Ind. Hayes, Hendrix, Wolverton,
Cornish, Covert, Reilly, Woerner,
Craib, Henry, Reyburn, Wright.

NAYS—167.

Adams, Ky. Denson, Izlar, Perkins,
Aitken, Dinmore, Johnson, N. Dak. Pickler,
Alderson, Dockery, Kem, Randall,
Alexander, Dolliver, Kiefer, Richardson, Mich.
Allen, Donovan, Lacey, Richardson, Tenn.
Arnold, Avery, Lane, Robbins,
Bailey, Ellis, Ky. Latimer, Robertson, La.
Baker, Kans. Enloe, Lawson, Russell, Ga.
Baker, N. H. Epes, Lester, Sayers,
Bankhead, Fletcher, Linton, Settle,
Bell, Colo. Funk, Little, Sibley,
Bell, Tex. Fyan, Livingston, Simpson,
Black, Goodnight, Loud, Smith,
Blair, Grady, Loudenslager, Snodgrass,
Bland, Grosvenor, Lucas, Stallings,
Boatner, Grow, Maddox, Stephenson,
Boen, Hager, Maguire, Stockdale,
Bowers, Cal. Hainer, Mallory, Straits,
Bretz, Brown, Marshall, Strong, Swanson,
Broderick, Brown, McCleary, Minn. Talbert, S. C.
Bromwell, Bryan, McCulloch, Tate,
Brookshire, Bundy, McDowell, Tawney,
Brown, Caminetti, Taylor, Ind.
Bryan, Cannon, Cal. Cannon, Ill. Taylor, Tenn.
Bundy, Cannon, Ill. Capehart, Terry,
Capehart, Clark, Mo. Cobb, Ala. Coffey, Wyo.
Cobb, Ala. Coffey, Wyo. Coffey, Wyo.
Cockrell, Cooper, Wis. Cox, Crawford,
Coffee, Wyo. Curtis, Kans. Davis,
Conn. De Armond,

ANSWERED "PRESENT"—2.

Henderson, N. C. Kilgore.

NOT VOTING—60.

Abbott,	Culberson,	Johnson, Ind.	Phillips,
Bartlett,	Dalzell,	Johnson, Ohio	Rayner,
Belden,	Dunphy,	Jones,	Rusk,
Bingham,	English, N. J.	Magner,	Seranton,
Boutelle,	Fithian,	Marshall,	Sherman,
Bowers, N. C.	Gardner,	McAleer,	Sipe,
Branch,	Gear,	McCall,	Somers,
Burnes,	Harmer,	McDannold,	Sweet,
Cabanis,	Hartor,	McDowell,	Talbot, Md.
Childs,	Heiner,	McEttrick,	Taylor, Tenn.
Cockran,	Hicks,	Milliken,	Tucker,
Cogswell,	Hines,	Moon,	Turner, Va.
Conn,	Holman,	Murray,	Wever,
Cooper, Tex.	Hooker, N. Y.	Newlands,	White,
Cousins,	Houk,	Outhwaite,	Woodard.

INTERNATIONAL MONETARY CONFERENCE.

February 27, 1895, the Senate added the following amendment to the sundry civil appropriation bill:

That whenever the President of the United States shall determine that this Government should be represented at any international conference called with a view to secure, internationally, a fixity of relative value between gold and silver, as money, by means of a common ratio between those metals, with free mintage at such ratio, the United States shall be represented at such conference by nine delegates, to be selected as follows: The President of the United States shall select three of said delegates; the Senate shall select three members of the Senate as delegates; and the House of Representatives shall select three members of the House as delegates. If at any time there shall be any vacancy such vacancy shall be filled by the President of the United States. And for the compensation of said delegates, together with all reasonable expenses connected therewith, to be approved by the Secretary of State, including the proportion to be paid by the United States of the joint expenses of such conference, the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated."

March 2, 1895, the House agreed to the Senate amendment with an amendment providing that the members of the commission on the part of the House shall be members of the Fifty-fourth Congress.

The members appointed on the part of the House are: DAVID B. CULBERSON, of Texas; CHARLES F. CRISP, of Georgia; ROBERT B. HITT, of Illinois.

The Currency.

SPEECH

OF

HON. ADOLPH MEYER

OF LOUISIANA,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1895.

The House having under consideration the joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds—

Mr. MEYER said:

Mr. SPEAKER: Upon a consideration of the arguments for and against the pending joint resolution authorizing the issue of \$65,116,275 of gold 3 per cent bonds, I have resolved to vote in the affirmative. The arguments which lead me to this conclusion have been stated by other speakers, and it is not necessary for me to dwell upon them at this stage. I vote for the resolution because it will save some \$16,000,000 in the loan, and is deemed necessary for the public good by the the national Administration; but I appreciate the objections to the measure, and I take this course, with some reluctance, as probably the best under all the environments of our situation. But this joint resolution is only one of a series of measures which I consider to be important to the public credit and advisable in order to restore prosperity to the country, revive our languishing industries, and give employment and bread to the suffering and unemployed poor of our population.

REPEAL OF THE TAX UPON STATE-BANK ISSUES.

I had occasion in June last to present some observations to the House in favor of House bill No. 3825, to suspend the operations of the law imposing a tax of 10 per cent upon notes of State banks issued during the period therein mentioned. I endeavored to show upon that occasion that this repeal which had been recommended by the national Democratic convention which met at Chicago in 1893 was a wise act of government, and was called for by our pledges to the country, by fidelity to the Federal Constitution, and by the best interests of all the people. I showed that the senseless cry about a "wild-cat currency," used to defeat this reform, had no foundation in the history and condition of our leading banks of issue throughout the Union anterior to 1861, and that these banks were eminently sound and conservative in their management. I adduced the testimony of the most eminent financial authorities of the East in support of this statement. I quoted at length the provisions of the State-bank system of Louisiana.

I am proud, and every citizen of my State has a right to be proud, of that system. Louisiana was the first State to require of her banks a specie reserve of 33 per cent against all liabilities. The system has received the highest encomiums from the highest authorities. But, sir, the State banks of the whole country were generally sound. The notes of New England banks in 1859

were at a very small discount; those of the Southwest somewhat larger; New York City and Louisiana were at par; and all made a good showing except those of Iowa and Illinois. There were during the year 1859 only trifling fluctuations, and the discount represented merely the prevailing current rates of exchange, which was higher than at present because transportation was slower and involved a greater loss of interest.

I regret, sir, exceedingly that the measure for the repeal of this palpably unconstitutional and unjust tax has failed to become a law. I adhere to the position which I took on that occasion. I have nothing to withdraw. At the same time I feel free to support any well-matured scheme of banking and finance which will give reasonable assurance of relief to the people, though in some respects it may not go as far as I could desire.

WHAT ARE THE ILLS THAT AFFECT THE COUNTRY?

In advance of the consideration of remedies it is well to inquire, What are the principal troubles that afflict the country? In answer to this question we have different responses from different minds. The remedies suggested for the admitted disorders are numerous and various, as they usually are in periods of great financial disturbance. In such times every financial quack rushes to the front with his patent nostrum. This is bad enough, but we have certain bankers themselves each propounding his scheme of relief, and we have members of this House whose dogmatism and conceit are so great that their every word is a covert or direct reflection upon the intelligence, knowledge, and patriotism of all who come here from the South and West, and especially of those whose constituents are chafing under a financial system which denies them the blessings of a Government which they are aiding to support not only by heavy taxes, but by great products of wheat, cotton, and the like, which maintain our balance of trade abroad and build up the marts of Eastern commerce, whose representatives begrudge us a hearing in the settlement of the question.

SECTIONAL ARROGANCE.

There are those who seem to believe that it is sheer impudence for anyone to speak on these questions who does not hail from the great centers where money is held as a close monopoly. We are warned, sir, that we must not refer even to the utterances of so great an intellect as that of Calhoun. His genius was equal to the most difficult problems of government; but he was a planter, not a banker, and hailed from the hated section of the South. It will next be in order to inform us that Jefferson and Madison were merely country attorneys, but we know the one as the author of our splendid land system, and, with Hamilton, the founder of our monetary system; the other as the father of the Federal Constitution.

Robert J. Walker, the author of the tariff bill of 1846, we shall be told was a lawyer of a mere rural community. Robert M. T. Hunter, the author of the bill of 1857 and of our warehousing system, was merely a Virginia farmer. They never sat behind a bank counter or shaved money or engineered panics; how should they know aught of finances and why should their ghosts be allowed to disturb the counsels and suggestions of wise and dogmatic representatives of the money centers? It would be well for those who, in or out of Congress, share this spirit and speak thus arrogantly to inform us when they have ever contributed one great name to our history or one great financier to solve these questions for the people.

REPUBLICAN PARTISANSHIP.

Added to this spirit of sectional arrogance and class dogmatism we behold also the unworthy effort to make capital for the party whose policies were rejected by the people in 1890 and 1893 by the pretense now made that the Democrats are responsible for the present hard times. If we ask how responsible, we are told that it is because we reduced taxation and curtailed the profits that the manufacturers have drawn from the body of the people. We have made nearly all the products which enter into consumption cheaper to the body of the people, and by lessening their taxes and burdens have created public distress. The logic of all this is that we must go back to the McKinley bill, develop a new class legislation, pile up the tariff on everything higher and higher, and then forsooth prosperity will come back with golden wings. Prosperity to whom? To the people, or to the vampires who wish to prey upon them? I reject this absurd and monstrous explanation of the financial distress. Whatever may have been the cause or causes of the present distress, the reduction of our customs duties did not cause it. It would be as wise to say that the protective tariff of 1873 and of the war financial measures occasioned the great collapse of 1873, which lasted, as we remember, for four or five long years.

At the time that this great financial convulsion occurred the Republican protectionists sat in high places. The tariff on textile and metallic fabrics averaged 44 per cent, according to Senator SHERMAN. Senators SHERMAN and MORRILL, the great apostles of high protection, led the Senate, Messrs. Dawes, Blaine, and Garfield ruled the roost in these Halls, and protection held high carnival. The magic of their names and an overwhelming party

majority in each branch, with Grant at the head of the Government, however, did not suffice to stay for one moment the tide of distress which, beginning with the bankruptcy of the Northern Pacific Railroad, swept into one common ruin corporations and individuals all over the land who were supposed to be strongest in financial resources.

It was at that time that a proposition to fix the volume of greenbacks at four hundred millions instead of a somewhat smaller amount, with the power in the Secretary, or claimed by him, to expand or contract within that limit at pleasure, or as Wall street might demand, led to an Executive veto and a rupture between the President on the one hand and on the other such great leaders as Morton, Logan, and Ferry, who had put the bill through the Senate. It was about that time, also, that silver was quietly, secretly demonetized without the knowledge of the people, without a vote or a wish from the people, without even the knowledge of the President or of a dozen men in Congress.

I suppose we shall be told by our adversaries that this chapter of our financial history—this record of shame and fraud, this period of public distress—is a grand illustration of their ability to govern the Republic; and that if more proof be wanting it may be found in the McKinley tariff bill of 1890 and the enormous additions made to our annual appropriations, to say nothing of the destruction of the large surplus bequeathed by a Democratic Administration and in the preparation of bonds by the Secretary of the Treasury just before the close of President Harrison's Administration to meet the deficit it had created. Such is the financial record of the great party that produced the carpetbagger and conducted the hideous era of reconstruction and pillage of the Southern States. Such are the monuments of financial genius which warrant their champions to taunt the Democracy with the present distress.

DEFICIENCY OF THE REVENUES DURING THE REPUBLICAN PANIC OF 1874-1875.

There is one incident in the history of the panic of 1873 and subsequent years which deserves our special attention just now. In the winter of 1874-1875 the revenue was found to be deficient. The expenditures were running ahead of the receipts. In this stress of affairs the Ways and Means Committee acted promptly. They reported a bill adding largely both to the customs and internal-revenue taxation. The duty on whisky was raised from 70 to 90 cents per gallon; the duty on tobacco was augmented from 20 to 24 cents per pound; the duties on all sugars were increased 25 per cent, and the horizontal reduction of 10 per cent made in a former act on all customs duties was abolished, thus making an addition of one-ninth to all customs duties as they then stood, except sugar, which was increased 25 per cent, as I have stated.

It did not take more than a month to accomplish all this legislation and put it on the statute book. No time was spent by the Republican leaders of that day in bewailing their sins or apologizing for this deficiency. They could not charge it on the Democracy, because the Democrats had not been in power for twenty-four years. It was their own deficiency—their own splendid trophy of financial skill.

When this bill to "further protect the sinking fund" went to the Senate, Mr. MORRILL of Vermont had it in charge. Some of his remarks will bear quotation. Said he:

But it may be asked, why is it that the exigencies of the Government are so great at this present time? I answer that three years ago our revenues from customs were \$216,000,000, that they were two years ago \$188,000,000, and last year they were but \$163,000,000—\$53,000,000 reduction in a single year. It is apparent, therefore, that we have reduced the revenues of the country below the point at which they ought to stand for the ordinary support of the various departments of the Government. And since the panic of 1873 and the disasters that have befallen the business of the country, it is very likely that our revenues will diminish considerably more the present year. The business of the world at the present moment is depressed, and our own country is not an exception. Notwithstanding we reduced the duties upon \$150,000,000 or \$160,000,000 of articles imported in 1873 by 10 per cent, we imported of these articles alone \$55,000,000 less last year than we did before.

The business of the world was depressed, according to Senator MORRILL, and yet only two or three years previous silver had been demonetized by the action of Germany and the United States, and the great Latin Union had stopped its silver coinage.

Mr. SHERMAN, who followed Senator MORRILL, quoted the letter of the Secretary of the Treasury on this deficiency of 1874-1875. The statements of the Secretary are also worthy of attention by the critics of the present Secretary of the Treasury. They are as follows:

In page 6 of my report to Congress I stated that unless the revenues should increase beyond the amount anticipated there would be a deficiency in the sinking fund account for the current fiscal year of \$22,003,748.43. It must be apparent that it is difficult at all times to estimate in advance the probable receipts into the Treasury. The present depression in trade and commerce has more seriously affected the revenues from duties on imports than was anticipated at the time the estimate above referred to was made. They have already fallen below that estimate in a period of forty-one days \$3,800,000. Should this reduction continue during the remainder of the year the deficiency will reach the sum of about \$35,000,000, and it is hardly probable that business will revive to such an extent as to materially lessen that sum.

Mr. Speaker, the vote on this bill to provide for a deficiency estimated by the Secretary at \$35,000,000 passed the Senate by 1 vote, many Republicans, including Mr. SHERMAN, voting against it. There were only a few short hours remaining before the Con-

gress would expire, and it would have been easy for the Democrats to have defeated the bill, not by a resort to the reading of long, dull essays and statistics compiled outside the Senate, but by legitimate and orderly discussion of the financial question. But they refrained from such a legitimate resort, and suffered the bill to pass. We are told now, however, that any attempt in Congress to correct an error in the present tariff, though it may have been caused by the ignorance of a Republican, and any effort to supplement our revenues which, owing to the panic are falling short, at least for a while, is to be met and defeated by filibustering on the part of our political adversaries.

Dilatory methods are revolutionary methods, and are only excusable when the rights of a minority are invaded or an attempt is made to subvert the Constitution and the public liberties, as in the case of the infamous force bill.

THE PRESENT DEFICIENCY IN THE PUBLIC REVENUES.

Mr. Speaker, it may be that these pretended champions of the public credit would resort to extreme measures in order to defeat a proposition to provide addition revenue, but if they do so they will take a very serious responsibility. The Secretary of the Treasury, in his last annual report, estimated a deficiency of some twenty millions, or, speaking more correctly, that the revenues for the present fiscal year will fall below the usual appropriations by the sum of \$20,000,000. After the 1st of July next he anticipates an improvement in all the great sources of revenue.

It is claimed that at this day there is a comfortable surplus in the Treasury of about \$65,000,000 over and above the \$100,000,000 reserve kept there to maintain gold payments, but the gentleman from West Virginia [Mr. WILSON], chairman of the Ways and Means Committee, whose opportunities for acquiring information are second to none, has admitted in debate that a large part of the \$117,000,000 purchased by the sale of bonds has been used to meet the existing deficiency in the revenue. Another gentleman puts this amount so used at \$109,000,000. In any case, it is obvious that the revenues have fallen short, and owing to the great stagnation of business and consequent inability of the people to purchase and consume, are still falling short of our expenditures, and I need not point out that the Secretary's estimates of an improved revenue after the 1st of July next are mainly predicated upon an improvement in business which may or may not take place as soon as he expects and as we all desire. It may be a long waiting before it occurs. If the deficiency lasts it must be met by increased taxation or by using the proceeds of bonds, carrying with it an increase of our bonded debt.

AN INCREASE OF REVENUE.

Under these circumstances and with the prospect that Congress will not meet before December, 1895, I think it would be a wise precaution to do at once as was done in March, 1875, and to make a provision for an increase of \$30,000,000 of additional revenue. I need only suggest some of the sources of this new revenue. An increased tax of one-half of 1 cent per pound on all sugars would raise more than half the required sum. It would be a very light burden, indeed, not over 25 cents per head on each citizen of the United States. There is in this sugar tax little or nothing of the heavy indirect taxation or burden resulting from ordinary customs duties. In addition to these considerations, I may add that it would help to protect our cane-sugar and beet-sugar industry from the dangerous and, I fear, destructive competition of foreign countries. Then there might be added a tax on successions, so graduated as to impose no hardship, and a tax on stamps for bank checks.

There are other simple methods of raising revenue; but these will suffice for our purpose. Very probably in less than a year the revenue will grow and expand as the Secretary estimates it will, and then these taxes may be repealed. When the present hard times shall disappear I have no doubt that the present customs and internal-revenue taxes will yield us an abundant revenue. If this occurs the surplus should be promptly applied to the reduction of the interest-bearing debt of the United States.

I regard this method of meeting the deficiency mentioned in the Secretary's report as infinitely preferable to any increase in the bonded debt of the United States, even if the power of the Secretary to issue bonds and apply the proceeds to current expenses were clear and unquestionable. It is needless to assign the reasons for this opinion. The public judgment on the question is made up finally and forever. The good sense of the people has taught them that a public bonded debt is an evil to be incurred only for the greatest public necessity, and ought to be curtailed or abolished as soon as the ability of the Government will permit. John Randolph said once with great force that the philosopher's stone was "pay as you go."

If this additional revenue can be raised at this session it should be done. It can be done unless partisan malice and folly shall stand in the way. If partisans do stand in the way of it, they must take the odium of their position, and they may find in the end that the road to political power does not always consist in resisting by

unscrupulous means the measures framed for the support of the Government and the public credit.

THE DRAIN OF GOLD FROM THE TREASURY.

I have spoken of one great and serious mischief in our condition, namely, a deficient revenue. The second evil that confronts us is the drain of the Treasury for gold to carry abroad. The causes of this export are various. Men differ, even financial minds, as to the causes. I shall not discuss that branch of the question. I merely suggest in passing that those newspapers which are continually holding up the Government as bankrupt or about to become bankrupt because their own peculiar financial views have not been promptly followed, are more apt to influence European than American opinion. We know well, all of us know, the wealth, the strength, the vast resources of our country and the integrity of our people; but if a foreigner reads in an American journal that half or a majority of our people are dishonest and our Government one of financial folly and helplessness, he is very apt to sell out his American investment, and that means a drain of gold.

There are other causes. There is no unfavorable balance of trade. There are no large, bloated importations of foreign goods. But the evil, great or small, of a shipment of gold to foreign parts, drawn from the Federal Treasury, is one that is apparently easy to cure. The statutes of the United States make no difference between United States gold and silver coin as money of ultimate redemption. Why should we make a difference or allow a foreigner or his representatives here to make a difference? The able Representative from New York [Mr. HENDRIX] gave us an interesting statement the other day of the practice of the Bank of France when parties seek to obtain considerable sums in gold from its coffers. He told in words that the easiest place in the world to obtain gold is the Treasury of the United States, and that while we expose our gold supply to the demands of the whole world, not one of the great Government banks of Europe does the same thing.

They protect their gold by one regulation or another that puts a stop on the work of the gold speculator. If you go to the Bank of France and ask for a large sum of gold they will give you only 5 per cent of your notes in gold and pay you the rest in silver. If gold is still demanded the applicant has to pay for it a special charge, and that charge it is for the bank to regulate at its own discretion. The credit of the bank is not impaired by this step, nor is the credit of the French Government impaired. The Bank of France is one of the strongest in the world. It was able to lend twenty millions of gold on a moment's notice to the Bank of England not long ago. Now, sir, can we not borrow a leaf from their books across the water?

Our statutes reserve the option to this Government to pay in gold or silver coin. The great mass of our people accept freely all the notes of the Government, without prejudice or discrimination. The Government accepts this confidence, and pays all its obligations to Americans without discrimination as to its issues. The law for us is surely good enough for the foreigner who may deal with us. A very simple Treasury order would solve the problem, and it could be copied from what the gentleman from New York correctly tells us is the practice of the Bank of France.

There is another method of meeting this trouble, which is so very simple that it may be wondered why it is not resorted to. At one time all our customs dues were made payable in gold. Why not now require one-half of these dues to be paid in gold? That would give us from seventy-five to eighty millions of gold per annum, far more than enough to pay all the interest on our public debt. We have a right to do this. To do so does not discriminate against our silver coinage or its representative in silver certificates or coin certificates; for the other half of these customs dues could be made payable in this way, and as all our internal-revenue taxes, amounting to \$160,000,000 or more annually, would be payable in silver or silver certificates, their value and credit would not be impaired by the Government, but maintained. The greenback would be received also for this purpose. There is no danger of its being discredited. It may be slandered for a purpose by venal men, but it is and deserves to be a favorite with all our people, rich and poor. There is no man so humble or so ignorant in all this land that he would hesitate to take it.

Sir, I am weary of these slurs and covert insinuations against the public credit. One gentleman told us the other day that the Government had promises outstanding that it will pay one billion one hundred and fifty-nine millions. Admit this. The aggregate wealth of the country is over \$70,000,000,000—sixty times the debt—and every dollar of it, every dollar of our vast productive industry is by the power of taxation in the Federal Government responsible for this debt and pledged to pay it. Do we remember what we have paid of our public debt? Why, sir, in the four years of Mr. Cleveland's Administration of 1885 to 1889 the net reduction of the debt was \$341,448,449.20. These are the figures supplied by the gentleman from Iowa [Mr. LACEY], an opponent of the Democratic party.

According to his statement the debt was reduced in President

Harrison's time by the sum of \$236,527,666.10. Let it be noted, too, that this last reduction was made notwithstanding the criminal abolition of the duty on raw sugars in 1890 in order to have a pretext for high protection duties, and despite also the very large additions made by the Republicans to the permanent annual expenditures in the same year. If in such hands the public debt could be paid off at the rate of nearly \$80,000,000 per annum what can not be done by wise finance, honest administration, economy, and retrenchment under a Democratic Administration when the present period of financial disturbance shall have passed away?

RELIEF TO FINANCIAL DEPRESSION BY REPEAL OF THE 10 PER CENT TAX ON STATE-BANK ISSUES.

Mr. Speaker, I come now to the third great item of trouble in our financial affairs. It is one of far more real consequence to the public than the two evils which I have previously discussed. It is the present paralysis in business, stagnation, distrust, and the low prices in farm products. The effect of the measure which has been proposed in this House to allow State banks to issue circulation would be to relieve, at least in part, this state of affairs. That it would do so to some extent I can not doubt, and while the measure might not remove all the causes which have conducted to the present depression of business, its effect would be salutary. There is no direction that I can see where it would do harm or make our condition worse than it is now. Wherever the plan proposed changes our existing laws it will put our affairs on a better footing than heretofore.

THE PLAN NOT UNFAVORABLE TO SILVER.

In the first place, it is not an essential feature of the plan that the national banks shall be required to surrender their bonds by a given date and abandon their present system in its general features. I have no wish to deal harshly or rashly with these institutions. Even if it were conceded, as alleged by some, that the present system possessed radical defects, or that its usefulness had passed away, it would not be prudent in the present condition of business affairs to take any steps that would embarrass these institutions. They should be allowed, not forced at this time, to avail themselves of the new system. So far from putting any stress or burden upon the national banks, I would allow them to issue notes up to the full face of their bonds, and I would reduce the present tax upon their circulation to a merely nominal amount, sufficient barely to pay the Federal expense of administration. There are also features in the existing law which might be amended so as to give these banks greater facility in procuring their notes from the Treasury in seasons of stringency and to remove the obstructions to the retiring of their currency when it is no longer needed for business purposes. I will willingly and freely vote for such changes as these, and for others not inconsistent with the public interests. These changes I have indicated would benefit both the public and the national banks.

Next, sir, I wish to remove, if possible, from our pathway another ground of objection to the scheme. There are many gentlemen who regard this bill as a formal surrender of the idea of silver coinage. They deem it a blow against silver. Possibly some persons may favor the bill with the idea that it will remove or lessen the popular demand for a restoration of the silver coinage. It can only accomplish this by promoting the restoration of business prosperity, and by placing that prosperity upon a permanent basis equal to that of the past, and such as we have a right to expect in a country so great as our own, and overflowing with such variety and extent of production. But what is there in this bill unfavorable to the use of silver? Does it not put silver really on a better footing than heretofore? We find in the ninth section of the Carlisle bill a provision for the gradual retirement of United States notes and Treasury notes issued under the act of 1890, thus leading to an enlarged use of silver and silver certificates in the multiplied transactions of daily life. The notes of the new national banks to be organized under this act are to be \$10 or upward, thus further clearing the field for silver or its direct representative, the silver certificate of deposit. Surely this legislation is favorable to silver. It may not and does not coin a single new silver dollar, but it creates an additional necessity for its use among the people, and may lead to an enlarged coinage at a future day.

Again, sir, all the banks to be organized under the Carlisle bill, both State and national, are required to redeem their notes on presentation at par. They may redeem these notes either in gold or silver coin, for both are a legal tender under our laws for all debts, public and private. The silver certificate, it is true, does not have this broad function, but it is by law receivable by the United States Government for customs, taxes, and all public dues, and so long as they possess this great debt-paying power, and can moreover command from the Government silver coin which is a full legal tender for all debts, there can be no doubt that the banks in their ordinary practice can redeem their notes in these silver certificates. The new banks will not be the enemies of silver or the silver certificates, for their interest will point the other way.

So far from this Carlisle bill being unfavorable to silver, I ap-

prehend that some of the strongest opposition came from those who would gladly wipe out all our silver and its paper representative, except, perhaps, a small subsidiary coinage.

It has been suggested in debate on the measure that one ground for opposition to the bill, and the principal one on the part of the national banks, is that the new plan exempts the Government of the United States from all liability for the redemption of the national-bank notes and places the whole responsibility upon the banks themselves. Why should the Government be obliged to redeem these notes? Is it not enough that the precaution is taken to require for the notes issued a guaranty fund of 80 per cent in lawful money of the United States, a safety fund of 5 per cent, besides making the stockholders individually liable and the circulating notes, which are limited to 75 per cent of the unimpaired capital of the bank, to constitute a first lien on all the assets of the bank?

These provisions are for the benefit of the note holder and are admitted to be ample for his protection in the case of the failure of a bank. But in the case of ordinary redemptions we require of the national banks of issue by this bill that they shall redeem their notes at their own counters or at such agencies as they may individually select for the purpose. What right has the bank to ask any more than this privilege, and what possible objection is there to the requirement? It is well answered by the Secretary of the Treasury that the United States ought not to pledge their faith and credit in a business in which they have no pecuniary interest whatever. The same duty of redemption and the same securities are imposed on the State banks allowed to be created by the bill. I have already stated that I do not desire to legislate against the national banks. I would be willing to allow these banks to continue to hold their bonds and issue on them up to their full face value, and I would diminish the tax levied upon their circulation, or I would allow them to reorganize under the provisions of this bill if they so desire. What hardship is there in this policy?

NO PRIVATE MONOPOLY FOR ISSUING CURRENCY.

But there is a point at which concession and liberality must stop. The people have rights as well as the national banks. There must be no private monopoly of the function of issuing paper money, and there must be no cast-iron system under which large communities in the South and West are denied the right to use their own credit locally for their own business, and be forced at the very times when money is most needed to pay 8 and 10 per cent for its use, when local banks, armed with the privilege of issue as provided for in this bill could and would gladly furnish it to them at 5 and 6 per cent. It is no answer to this just and righteous demand to be told that money is plentiful in New York and that some Eastern man, well known in a Wall-street bank, can go there and get all the money he wants in his business, even without an indorser, at 1½ to 3 per cent. It is no answer to our demand to say that the local bank of Mississippi or Nebraska can borrow its money from the New York bank at 6 per cent and then use that money to supply its customers, charging, of course, an additional sum for its interest. Gentlemen do not seem to realize that this Government of ours is contrived and maintained for some other purpose than the interests and convenience of a class of wealthy men and financiers located in the Eastern cities.

A WIDE FIELD FOR BANKING.

Sir, there was a time when even this present narrow spirit was exceeded, and the numbers and location of the national banks was made a sectional matter. We should now throw open the field of banking to the agricultural communities, and allow them to use their own credit locally with each other. Their notes are not to be made a legal tender. Nobody proposes that. If the cotton grower or the wheat grower is ready and anxious to take these notes, and the Eastern banks are not willing to take them, then we can be happy all around. These prophecies that the money will not circulate at the money centers are only in substance a prophecy that the money will stay at home, where it is most needed, and not be lying heaped up and idle at the money centers, only to be obtained by agricultural communities in times of trouble or of moving crops at high rates of interest. The advantage of these State or local banks has been so ably stated by gentlemen who have preceded me that I do not feel it necessary to travel again over this field of argument. They embody, sir, a sentiment in the South and West which is nearly unanimous, and which can not be safely defied or trampled upon.

If these States are unprosperous it is not the fault of the population. They are industrious, intelligent, economical, and enterprising. They have fertile plains unsurpassed on the globe, special sources of production, abundant water and rail communication, all the natural opportunities of wealth and happiness, and if they are suffering instead of advancing the cause can only consist and be found in vicious, narrow, sectional, and burdensome legislation. If they are to be allowed to get on their feet again the first aid they can have from you is to give them back their constitutional right of using their own credit among themselves. It seems like a small privilege, after all, and yet you refuse it. Their crops will command cash and credit abroad. For that they ask no favors at

your hands. But do not burden their production or impede its shipment for consumption by your interest charges. Let them have their own banks and use their own credit without paying you this constant, pitiless, blighting tribute to the money lender.

One of the gentlemen from New York in debate enlarged upon the cost of redemption of the national-bank issues. He thought distance would compel a discount, that the cost of securing redemption and the loss of the use of the money while in transit will create a charge upon the business of handling such notes and will attract brokers to the business. The gentlemen thought that under this new plan even the national-bank notes would be at a discount. All this prophecy and criticism ignores the modern facilities of mails, express companies, and insurance. Distance is practically annihilated by modern civilization. The time for transmission between any points in the great Mississippi Valley and the Eastern States is practically no element of cost. Currency can be sent speedily through the mails and insured at a nominal cost, say one-sixteenth of a cent per \$100. It can not be doubted that the banks will establish redemption agencies at all financial centers. If there be any force in the gentleman's suggestion it will apply chiefly to the new State banks to be created and whose currency it is not desirable shall go to the money centers, but on the contrary stay at home to quicken and invigorate the channels of our trade, inspire commerce, strike off needless shackles, and develop a new and great prosperity.

The question of the causes of our present unfortunate situation is so vast a one, the legislation and policy required so varied and comprehensive, that I have felt it to be my duty in this imperfect way to review the general subject rather than discuss in detail the subject of the issue of some sixty-five millions of gold bonds. If we are to legislate, it should be on some broad basis and wide policy having due regard to all the sections and all the interests of this great country. In the suggestions I have made to-day I claim no merit for originality. I present nothing new, startling, or empirical. I propose simply a recurrence to old and tried methods and systems of finance which have worked well in our own country and in other lands besides our own. The policies under which this country has prospered so greatly in the past can not be unsafe or dangerous for us in the future. [Applause.]

The Tariff—Income Tax.

SPEECH

OF

HON. JERRY SIMPSON,
OF KANSAS.

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, January 30, 1894.

The House having under consideration the bill (H. R. 4984) to reduce taxation, to provide revenue for the Government, and for other purposes—

Mr. SIMPSON said:

Mr. CHAIRMAN: In the short time allotted to me I shall not undertake to discuss the great subject or question of taxation. It is one that covers the whole system of politics in this country. I stood with the rest of my Populist associates on this floor in favor of a graduated income tax in preference to the one offered by the Committee on Ways and Means. I supported the bill from the Committee on Ways and Means, even though our amendment did not pass, because, like the gentleman from Ohio [Mr. JOHNSON], when I am confronted with a choice of evils I always take the one that presents the less evil.

It has been asserted on the floor of this House that this income tax is a Populistic measure. I agree that it is; that it has not been set forth in Democratic or Republican platforms; but gentlemen should not refuse to vote for it because it comes from the Populists; they should decide in their own minds whether it is right or whether it is wrong. The gentleman from Ohio [Mr. HARTER], in a speech a few weeks ago, said that some of the ideas and principles which the Populist party now advocate were held many hundred years ago in China. That is only another evidence, Mr. Chairman, that the principles of right and justice are immortal and will live forever.

The principles which I advocate to-day are the principles which have been advocated in defense of the toiling masses in every country and in every age; and they will continue to be discussed and advocated until we arrive at a higher plane of civilization. Although we are here few in number and somewhat despised and ridiculed by gentlemen on this side and on the other side, you must sooner or later stand up here and advocate the principles that we advocate, because they are right.

The question of an income tax—whether you shall levy taxation upon the accumulated wealth of a country which receives the

protection of the Government, or whether you shall levy it upon the necessities of the people—turns simply upon the question whether you will vote in the interest of the toiling masses or in the interest of the millionaires. I admire the candor, and manhood, and statesmanship of Millionaire JOHNSON from Ohio in preference to the position of Millionaire WALKER from Massachusetts. [Laughter.] Millionaire WALKER from Massachusetts stands up here and attempts to defend his opposition to the income tax on the ground that at last this tax must fall upon the poor man—the laboring class. Like all these millionaires he is the self-constituted guardian of the poor laboring man! Why, bless your old soul [turning to Mr. WALKER], you protect the laboring man in the same way that we protect our hogs and cattle out in Kansas, when we shut them up in the corral about a big feed trough filled with corn and beside it a big tank of water. We protect and feed and fatten them that we may eat them at last! That is the kind of protection that the gentleman from Massachusetts proposes to give to laboring men! [Laughter and applause.] No, Mr. Chairman, he knows as well as he knows he is living (and that is the reason he opposed this measure) that this tax upon net incomes will fall upon the millionaire, and he can not shift it upon the laborers. That is the reason of his opposition to an income tax.

Now, Mr. Chairman, I believe that with the Wilson bill, which is a long stride toward removing restrictions on trade and a long stride toward ultimate free trade, we properly put the income tax, which is a direct tax, to supply revenue to sustain the Government in lieu of that which has been heretofore collected upon what the people have spent for the support of their families. Therefore I am for the income tax first, last, and all the time—whether it is a Populistic or a Democratic or a Republican measure. [Applause.]

[Here the hammer fell.]

The Currency.

SPEECH OF

HON. JERRY SIMPSON,
OF KANSAS,

IN THE HOUSE OF REPRESENTATIVES,

Friday, December 21, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8149) to amend the laws relating to national banking associations, to exempt the notes of State banks from taxation upon certain conditions, and for other purposes—

Mr. SIMPSON said:

SOPHISTRIES, BLUNDERS, AND MISSTATEMENTS.

Mr. CHAIRMAN: As we are about to close the discussion of the money question for this session of Congress, I believe it is a fitting occasion to review some of the palpable sophistries, gross errors, and unpardonable misstatements that have been made upon this floor, in the press, and in official documents upon this topic. There are certain matters of public interest upon which every executive officer and every member of the legislative branch of this Government and every editorial writer who assumes to discuss political questions should be well informed. Yet, in spite of this, our debates have been filled with statements having no warrant in fact, with arguments most palpably absurd, and with assertions whose authors must have known could not be sustained. Let me refer briefly to a few of these.

CUSTOMS PAYABLE IN COIN.

It has been seriously proposed upon this floor that we should enact a law making customs dues payable in coin. Perhaps the author of such propositions may have supposed that the Secretary of the Treasury would not evade two statutes upon the same topic, and having the same end in view, while he had refused to obey one. There has been a law upon the statute books for more than the lifetime of a generation providing that all duties upon imports should be payable in coin. This provision of law was suspended by act of the Secretary of the Treasury upon the 1st day of January, 1879, yet it is as binding upon the Secretary of the Treasury to-day as would have been one or a dozen statutes to the same effect passed by this Congress. Upon the 1st day of January, 1879, this Government resumed paper payments, not specie payments. For the first time since February, 1863, our Government honored its own notes.

While the war was pending it was the policy of the party in control of that Government to depreciate the value of United States

notes. That was at a time when we were paying those notes for the grandest sacrifices that ever were made in behalf of a Government. But when the men to whom we were paying the Government notes depreciated by act of Congress laid down their arms and returned to their homes to help pay the debt that had been incurred during the war, the policy of the Government suddenly changed. It was no longer "our policy to depreciate the value of United States notes." It was then our policy to increase the value of the notes. We were then to take those notes from the hands of the soldiers and the sailors and the pensioners in form of taxes and pay them over to the bondholder for interest upon the bonds which they had bought in a depreciated currency. It was then the policy of the party in power to increase the value of the tribute wrung from the producers of this country in the interest of the men who had stood here driving the same kind of a hard bargain with the Government in its extremity that the bond-holding and banking class has always driven with governments or other creditors. It was a matter of surprise to me to hear so able and so well-informed a gentleman as the chairman of the Ways and Means Committee, in his attempt to defend a bill—which I believe he is convinced was not defensible—make the assertion here "customs dues were payable in coin I should have said, and gold is about the only coin of the country." As to what would have been the effect of carrying out this provision of payment of coin in interest I shall have something to say further on.

If Mr. WILSON would consult the statutes he would see that the statement I have made in regard to the payment of customs dues in coin is absolutely correct, and that if such a policy were deemed necessary the Secretary of the Treasury and the President of the United States would have no occasion to come to this House to secure authority to carry into effect an existing statute.

PARITY OF METALS.

And I was surprised, too, at another statement of the honorable chairman of the Ways and Means Committee. He said:

Under these circumstances it became necessary for the Secretary of the Treasury, in order to maintain the gold reserve at the sum required by law, in order to maintain a ready and instantaneous redemption of the legal-tender note obligations of the Government, in order to carry out the pledge contained in the Sherman law, and of the law that repealed the Sherman law, to maintain at a parity all the coin circulation of this country, I say it became necessary for the Secretary of the Treasury to seek some other supply of gold than that he could obtain in this country.

Where in all the statutes of the United States will the gentleman find a requirement for the maintenance of \$100,000,000 in gold coin? Where in all the statutes will he find a law that commands this Government "to maintain at a parity all the coin circulation of this country"? Let me call the gentleman's attention to two facts in this connection. The author of that law in another branch of this Government has repeatedly stated that the Sherman law pledged the Government to maintain the parity of our coins. There is no such expression in the law. That gentleman has been repeatedly informed of this fact and his attention has been repeatedly called to it when he has made the false assertion from his seat. There is a vast difference between the attempt of a Government to maintain a parity of its coins and to maintain a parity of value of the materials of which they were made. Under the Sherman law it is stated that it is the policy of this Government to maintain the parity of these metals. That refers plainly and distinctly to the metals as commodities. It has nothing to do with the coins. We maintain the parity of value of our nickel coins with all other money issued by the Government, but we have nothing to do with the value of the material of which they are made. We maintain the parity of value of our copper coins and of our paper money, but we do this without any regard to the market value of those commodities, or to the success of manufacturers of paper or miners of copper.

Now, upon this point I would like some of these gentlemen who assume all the virtue and all the intelligence in this country, who seek to close all arguments upon this question by epithets and denunciation, to explain what they mean by maintaining a parity of value between two metals. The expression is in itself an absurdity. It hinges upon the old idea, long since exploded, of intrinsic value. These gentlemen have yet to learn that value resides in use, supply, and demand. If they believe that the value of a commodity is intrinsic, how will they explain the disappearance of one-half of the value of the commodity called silver since the passage of the Sherman Act in 1890? If it was intrinsic in the metal it would be there to-day. It is not there. It has disappeared under the operation of the natural law.

If the Sherman Act had provided that this Government should purchase 75 per cent of all the wheat produced in this country and store the same in vaults specially prepared for that purpose, the immediate result of the passage of such an act would have been to cause an advance in the selling price of the wheat. But after one season's crop had been harvested the "visible supply" of wheat, acting as a threat upon the market, would have caused a constantly decreasing price of that commodity and the people

would have found the operation of the same natural law upon the price of wheat that caused the depreciation of silver after the passage of the Sherman Act. But, the intrinsic qualities of the wheat would have remained the same, unless by storage it had become weevil-eaten or musty. The value, however, would have been changed because of influences extrinsic to the commodity—influences which affect the price of all commodities and expose the idiotic absurdity of the proposal that a Government shall seek "to maintain the parity" of any two commodities.

And another point in this connection it may be well for the gentlemen to consider who know all about the money question. They may be able to furnish an explanation of a query which has been troubling the minds of men who do not stand at the street corners and chink their dollars and think they are thinking. Suppose it had been provided in the Sherman law that it was the policy of this Government to destroy the parity of value between these two metals; and suppose an admirer of the great and thrifty financier had been asked to defend the action of his party and to sustain the policy expressed in that law, would he not have pointed to the fact that after the passage of the Sherman law the parity of value between silver and gold constantly widened? Would he not show conclusively to a partisan audience that the policy of the Government announced in the Sherman law had been fully sustained and the parity of value absolutely destroyed? Would he not be able to demonstrate that they had done this under the operation of a natural law which they understood as well in 1890 as they did in 1862?

The author of that statute is no child in finance. He was the leader of his party at a time when the same gentlemen who are seeking to-day to increase the value of their holdings—to increase their power over future production by increasing the value of the coin in which the debts of the Government and of the people shall be paid—were strenuous in their demands that a use should be provided for gold, to be discharged by no other kind of money in this country. They proceeded just as gentlemen would who are thoroughly acquainted with the law of value. They had issued \$450,000,000 of paper money of this Government. They had paid it to soldiers who were fighting for the Government's protection. They had provided that those notes should be fundable in a bond at the option of the holder, and after having so issued those notes, after they had gone into the hands of the producing classes and of the men bearing arms in defense of their Government, they purposely depreciated their value by destroying one of their uses. They boasted of this fact as the war progressed. They boasted of it after the war was over. They declared upon both occasions that they understood what would be the effect of the legislation for which they were responsible. By that declaration they confess that they understand the effect of a lessening of use upon the value of an article. By that confession also they admit to-day they understand what will be the effect of the increase of the use upon the value of an article. By these confessions they stand convicted of an attempt to increase the burdens of the people by increasing the value of the money in which their debts are to be paid.

And, sir, I deem it very significant that a Democratic chairman of a Democratic committee in a Democratic House, acting as the spokesman for an alleged Democratic Administration, should think he strengthened his cause by quoting the action of a gentleman who, though noted as a financier, though successful personally in financing, has given his name not only to a statute which under his own confession brought us to the verge of bankruptcy and ruin, but also to a bank building altogether too notorious to be discussed upon this floor, in view of the obligations of parliamentary law. There is, undoubtedly, substantial basis for the criticism against this Administration in selling a bond at much less than its value. But the learned chairman of the Ways and Means Committee is far from strengthening his cause by quoting prior action of a former Secretary of the Treasury in this direction.

It is to be hoped that the leaders of the Democratic party in this House will not be forced to carry with them into that retirement of private life to which they have been relegated by a disgusted people the memory that they have out-Heroded Herod; that they have made it possible for banks and bankers with small capital to imitate the success of the First National Bank of New York under another Secretary of the Treasury of an opposing political party. Everyone knows the history of that institution. Everyone knows the reason why on "the street" a certain appellation is given to that famous bank building on the corner of Wall street. Men who have studied the debates in the other House of Congress recall the speech of an able Senator, now dead, who advised one of the New York Senators who had interrupted him in the course of his argument that if he would seek a fortune beyond his present dreams all he needed to do was to go back to New York and be able to assure any of the great banking houses there that he had the "confidence" of the Secretary of the Treasury, and he would be taken in as an equal partner.

That friendship and that confidence resulted in a bank having but \$500,000 capital declaring \$1,000,000 dividends in a single year and carrying one-half as much as that to a surplus account. Thrifty financiers these, skilled in the art of making money for themselves and understanding thoroughly the value of use and also the value of confidence, especially when that confidence pertains to a Secretary of the Treasury inclined to thrift and to aid his friends. Many misfortunes have attended the efforts of the Democrats in this House during the present session. I conceive that there is not one which will react so forcefully upon their future prospects as their present appeal to a former Republican Secretary of the Treasury, whose very name excites the anger of every honest man who has studied the financial history of this Government for the last thirty years.

THAT ENDLESS CHAIN.

And this learned chairman has become very anxious about this "endless chain" which, he says, is drawing coin out of the Treasury. He believes that if he can destroy the greenback, under which this Government suppressed the rebellion and restored its authority throughout the land, he will break this endless chain. Does not the gentleman understand that an interest-bearing bond will form just as good an endless chain as the noninterest-bearing greenback? Does he not understand that if any new demand for a coin shall arise these bonds now being sold across the Atlantic will return as fast as speedy ships can bring them and draw coin again from our Treasury, whether there is a greenback in existence or not, unless it shall be provided that this "sound currency," this "honest money," which is to be devised for this people, shall no longer be redeemable in gold. If the money which is to be paid for the products of this country and for the labor of our people is to be redeemable in gold, that redemption must be at the hands of the Government.

There can be no such thing as redemption of paper money by the banks. Every gentleman who has studied this question, every gentleman who has argued upon this question, and the bankers themselves, understand the absolute impossibility of maintaining coin payment of a paper obligation. The honorable gentleman who has been referred to so often as an illustrious financier, himself, in discussing this question a quarter of a century ago, stated in terms that no coin reserve, however large or however carefully guarded, could be maintained during the pressure of panic or adverse trade. He understood then, as he understands now, that this pretense of coin redemption, whether in silver or gold, is a word of promise to the ear to be broken to the hope. He understands perfectly that the coin reserve of \$100,000,000 is but a provision in the interest of men who can control the volume of the currency and thus minister to their greed.

I know it has been claimed by some of the gentlemen who have proposed financial plans for the consideration of this Congress that the bank notes which they are to provide will be redeemable in coin; but when outside of this House in private conversation they are challenged to explain this provision they are forced to admit that they proposed practically to surrender all coin redemption. The plan is that the banks issuing the notes shall redeem them. And it is stated with a smile when the gentlemen have escaped from under this roof. That smile is caused by the fact that they understand perfectly well that so few notes could be presented for redemption, if the people were forced by the retirement of the greenback to use them, as to practically annul the provision.

Let any gentleman go into a bank in this city and ask to examine a package of national-bank notes. He will fail to find one in fifty issued within a hundred miles of the bank in which he stands. Let him go into any bank in the city of New York, or in any of our business centers, and he will find the same condition of affairs. Suppose he were to draw those notes and seek their redemption; he would not have money enough to pay the fees of the Pullman porter on his journey to secure redemption. And he would learn then what we "Populists" and "crazy lunatics" understand now, that coin redemption had been overthrown in the interest of the banks. I sincerely trust that during what I deem to be the unfortunate retirement of this worthy chairman of the Ways and Means Committee from public life he will have opportunity in the quiet of his own study to examine some of these matters more carefully than he has done in the past, and that when next he graces this House, or any other public position, he will bring to his duties a better understanding of the laws of finance than he has exhibited in this debate.

CHANGING THE CONTRACT.

It will be remembered that when the honorable Secretary of the Treasury first appeared before the Ways and Means Committee to explain the blind contract he had made with the representatives of the banking interests, he urged that the terms of that contract should be kept secret, but when the gentleman had been smoked out by the demands for publicity it was discovered that

the contract called for the delivery of certain ounces of gold. I recall that some of the journals which have never failed to come to the assistance of every plan proposed by the Administration called attention to this fact as an evidence of the skill in financiering displayed by the Treasury Department and by the President of the United States. It was calculated in one of these organs that the Government would make a large profit because it would receive a great deal of gold coin which, though not abraded below the point of tolerance, was still of light weight in ounces. One journal boldly claimed that this amount would be counted by the millions. It explained that the Government would receive these abraded coins at their value as a commodity and that the bankers would lose what the Government gained.

Such a claim as this could only deceive some of the members of the majority of the Committee on Coinage and the Committee on Ways and Means. There are many schoolboys in my district who will not be able to vote for the next ten years who stood on the street corners and laughed at the absurdity of the proposition that the bankers were going to lose anything in a deal with the Government. I had thought that the plummet of subserviency to the Administration had struck the depths of ignorance and impudence long before this last attempt to foist upon the people a gold bond had been made. I will confess to having pitied the chairman of any committee when he was forced to bring a new child into this House every two or three weeks only to see it disowned by its alleged parents and so badly mutilated that its author did not recognize it.

It must have been humiliating for a gentleman with his long service in this House to have been forced into an argument the fallacy of which he appreciated, and then to see all of his efforts absolutely futile. I earnestly trust that there is held for him in the future—during the brief months which remain of the present Administration—some high reward that shall be a balm for his wounded feelings. It may be possible that the judicial ermine shall fall upon his back. I trust he will prove a better judge of law than he has of argument. And I trust that his decisions will not be so often reversed by a higher court as have been his efforts in this House by higher power than that of his committee. It now turns out, however, after all these claims have been made in behalf of this contract, that the Government is actually receiving light-weight coin as coin. They no longer weigh the coin which is tendered by these bankers. The gentlemen bring to them their own coin, and now we hear the argument that it will never do for this Government to disown any of its money issues.

It is true that in the past this Government has disowned its money repeatedly, but that has been done upon occasions by men who have rendered some service to the Government. There never has been known in the history of the United States an instance when such discourtesy has been shown to a capitalist, to a banker, to a great financier, to one who knows it all when the subject of finance is under discussion. These gentlemen are always treated with great respect. The money they tender and the money they handle seems, in the eye of the Secretary of the Treasury, to have received a new power, new sanctity. And so we understand that when the gentlemen bring the coin they not only take advantage of this changed law, but they fill the number of ounces required by carefully culling from the hoard which they have previously drawn from the Treasury, deducting therefor full-weight coin and giving the Government that which has been abraded nearly to the point of intolerance.

Perhaps it is improper for me to criticise this action. I know that, measured by the standards of the gentlemen I am criticising, I can not be deemed a financier. I was not as careful in the selection of my parents as some of those who are now posing as leading lights in financial circles. I have not been as thrifty as some of the gentlemen whose names have been given to bank buildings and financial schemes. I do not regret this on my own account. One of the consolations of a poor man is that he can appreciate thoroughly how little the Lord thinks of money by the class of people he gives it to. And yet I am one of the plain people of this country upon whom the burden of taxes falls most heavily. We may not pay our thousands, and after this year I shall probably not pay an income tax—unless there shall be such a change in that law as I would gladly vote for making it cover a smaller income—but we have been forced to study this question. As we were once forced to study the incidence of taxation, so we have been forced to examine into the laws relating to finance. To our humble intelligence there seems a strange discrepancy between the contract submitted by the Secretary of the Treasury and the action under his orders. If the contract called for ounces of gold it is not discharged by anything less than the full weight in ounces of the metal which was contracted for. And if under the orders of the Secretary of the Treasury there shall be received a single light-weight coin at its normal weight that act is as properly the subject of examination by a grand jury and a criminal court as the stealing of a ham by a poor man who has been plundered by such reality as I am characterizing.

But this is not the only change that has been made in this contract with the syndicate of bankers. Already we hear it whispered that there has been a verbal "understanding" between the Secretary of the Treasury and the bankers. These unofficial gentlemen are to be treated with great courtesy in case they find it difficult to carry out their agreement with the Government. If their "endless chain"—extended by the addition of millions of coin interest-bearing bonds—shall continue to withdraw gold from a subservient Secretary, then these unofficial defenders of 70,000,000 people are not to be required to continue the deposit of their gold, but shall be allowed to use it in the purchase of exchange on London. I know there is an impression in certain quarters that the Administration has reason to fear a called session of the next Congress because of a threat that this bond deal may be severely analyzed and criticised. But the gentlemen indulging in such prognostications forget that the incoming Congress will be dominated by a party whose great financial hero in the other House will stand between the present Administration and any such investigation which will most certainly result in drawing attention to his own efforts in this direction, and to his own favors granted to the bankers who secured his confidence to their great pecuniary profit. There is no possibility of a full and fair investigation of these questionable transactions until the people shall have relegated to private life every representative of the political parties responsible for them. There has been too perfect an alliance between the men of both the old parties to allow of a reasonable hope that the transactions of the Secretaries of the Treasury will be properly investigated and adequate rebuke and punishment inflicted upon the guilty ones.

REPUBLICAN FINANCIAL POLICY.

Let us turn now to the remarks of a gentleman who attempts the very difficult task of defending the Republican financial policy. The gentleman from Illinois [Mr. HOPKINS] can be pardoned on the ground of his youth when he makes misstatements in regard to the financial policy of the Republican party. It is true that a Congressman holding his prominent position is assumed to have read something of the financial history of the country. That assumption should not be a violent one when applied to a gentleman who during the financial debate posed as the opponent to the recognized leader of his party upon this floor. He says:

For more than thirty-five years the settled policy of this Government has been to issue our Government bonds payable in coin. The bonds that have been heretofore issued are not payable in gold, or silver, or greenbacks, but are payable in coin.

The gentleman forgets that the bonds issued during the war within the period named by him were specifically payable in greenbacks. He forgets that, having made that contract, as the war progressed his party, aided by a few nominal opponents who were really Republicans in disguise, although called Democrats, "made a new contract for the benefit of the bondholders," to use the words of the great Senatorial financier of the Republican party. Those bonds having been made specifically payable in greenbacks, the party found it necessary, in order to curry favor with the representative bondholders in this country and Europe, to make that new contract under what was called "the credit-strengthening act," March, 1869.

And when this gentleman, whose youth is his only possible excuse, proceeded in his argument he referred to an incident which should never be mentioned upon this floor by anyone who recalls the debates on the action of Congress in 1879. He boasts of the fact that "when Judge Folger, of New York, was Secretary of the Treasury, in 1882, he expended \$300,000,000 of our obligations for 3 per cent on a coin bond at a time when the condition of our country was not as good as it is to-day." Let me recall the facts connected with the action of Secretary Folger. It was stated by the Secretary of the Treasury in 1879 that a large number of our bonds were falling due and payable within the next few years. The party represented on this floor by the gentleman from Illinois [Mr. HOPKINS] proposed to refund about \$600,000,000 of these bonds, falsely alleged to be falling due, in a thirty-year bond bearing 4 per cent interest.

The gentleman claiming to represent the Democratic party upon this floor proposed another measure which involved the issuance of about \$600,000,000 of bonds bearing 3½ per cent interest and running fifty years. Under the Republican plan the people would have been forced to pay over \$900,000,000 in interest during the thirty years and then hand down to their descendants a legacy of debt equal to the amount of the original bonds issued. The Democrats were not to be outdone in their subserviency to the money power. They saw this \$900,000,000 bid and went \$400,000,000 better in their proposal for a 3½ per cent bond running fifty years, under which the Government would have been forced to pay \$1,300,000,000 in interest and then refund the same principal over again. But there was another danger foreseen by the little handful of currency reformers upon the floor at this time. The proph-

edices of these gentlemen were well fulfilled. They asserted that if that bonded debt were refunded in a long bond and the taxation continued so that the revenues of the Government should pile up millions in the Treasury, it would be absolutely necessary, in order to prevent such a contraction of the currency as would have ruined every business man in the country, to go in the market and buy these long bonds at whatever premium could be commanded by their holders.

A cursory examination of the transactions of the Treasury Department during the years from 1885 to 1890 will show how well these predictions were fulfilled. The people have been forced to pay heavy premiums upon Government bonds in order to relieve the country from the stringency which had been predicted in 1879. It happened that this small handful of currency reformers, called "greenbackers," were enabled to defeat both of these propositions after the election of 1890. It was a fortunate circumstance for the country that the then Republican President of the United States vetoed the bill which was passed by Congress, but it was a still more fortunate circumstance that after the election of 1880 the little handful of greenbackers had the courage of their convictions and the power to prevent the passage of any refunding act, and thus forced upon the incoming Secretary of the Treasury the issue of a bond redeemable at the option of the Government at any time. By this act they secured the privilege so valuable to the Government and at a lower rate of interest than was alleged to be necessary by representatives of the money power in both political parties. The so-called "Windom bonds" were paid out of our surplus without the addition of a single penny of tribute. After these bonds had been retired the Government was forced to go into the open market and purchase its own bonds at a high premium to relieve the stringency of the money market. It has been conservatively estimated that the saving thus caused exceeded more than 40 per cent of the face value of the bonds sought to be refunded by Democrats and Republicans.

But, says this valiant, if ignorant, defender of Republican financial policy, there are objections to the policy of stating in the bond that it is payable in gold because "if he (the Secretary of the Treasury) can drive gold to a premium and drive the Government upon a silver basis he enhances the value of the bond that is payable in gold." If the gentleman who thus assumes to discuss the financial policy of the Government were better acquainted with the legislation of his own party he would be more careful in his use of terms. I challenge the gentleman or any member of his party to show that this has not been the uniform policy of the Republican party in its financial legislation. I charge that party with having constantly legislated for the purpose of increasing the amount to be paid to the bond-holding class in return for their loans to the Government. It was so during the war. It was so after the war had closed. It was so while the Government was paying the soldiers and producers of this country while they were patriotically seeking to maintain the Government. And it was so after their efforts had been successful and the fighters had returned to their occupations to earn the money necessary to discharge the obligations of the Government they had saved. It was Republican legislation that depreciated the money paid for bonds during the war, and then turned around and increased the value of the money in which they should be paid after the war had closed. And this valiant gentleman from Illinois rushes in where angels would fear to tread, appealing to the history of the most corrupt political organization that ever trifled with the liberties of a free people.

A BANKER'S PLEA.

And now comes another gentleman from the prairie State [Mr. CANNON] and adds his voice to the discussion. He adds his mite to the hodgepodge of absurdities and misstatements with which this discussion has been crowded. With the usual assurance of his class he opens his remarks with the declaration that he is in favor of "maintaining the Government faith." Sir, I am always inclined to look out for my purse when I hear such declarations. Verily, these gentlemen do protest too much. They would "maintain the national faith" if they may perform that task by increasing the tribute to be wrung from the people through dishonest legislation. The gentleman from Illinois [Mr. CANNON] shows how he would "preserve the national faith" by his declaration that all Government obligations are payable in gold where coin is specified.

He declares that this is to be done at the option of the holder and in accordance with law. This declaration is made in face of the fact that a statute distinctly provides to the contrary. If there is any meaning in the English language the Sherman law provided that certain obligations should be redeemed in gold or silver "at the option of the Secretary of the Treasury." During this present discussion we have been offered an opportunity to save some three-quarters of 1 per cent in interest if we would put the statement the gentleman makes definitely into our bonds. The

representatives of the American people have distinctly refused to do this. They have preferred to pay the extra interest rather than adopt a policy that would forever place them in the hands of a money oligarchy. Accepting this decision, the money changers have bought our bonds at a lower price and thus confessed that they have not the right to demand gold at their option. Here, then, may be found both a statute affirmatively giving the negative to the gentleman's proposition and also the absence of the statute desired by the Administration and its allies among the money changers of two continents. Whoever hereafter repeats this senseless claim does so at the risk of his reputation for intelligence and honesty.

REPAYMENT IN KIND.

And there has come from the very citadel of privilege through the mouth of its chief spokesman another statement that must not be forgotten in this discussion. He who has given his name to the mutilated silver law of 1890 and to the famous bank building on the corner of Wall street in New York now rises to explain how he would "preserve the national faith." He declares that the Government must always pay its obligations in the kind of money it received for them. He says that our bonds are now being sold in gold and that therefore they must be paid in the same kind of coin. Methinks I have heard some such claim as this before from this very successful and thrifty financier, once a Secretary of the Treasury, now Senator of the United States. I recall a letter he wrote to a Mr. Mann and afterwards published in a volume of his speeches, edited by himself. In that letter he declared that the Government had a perfect right to pay the 5-20 bonds in legal-tender paper money, because they were sold for that kind of money. He was then opposing the policy of payment in coin. But no man came more quickly to the rescue of his friends in the banks than this same statesman when it was proposed to make a new contract for the benefit of the bondholder. He stood as the defender of the financial policy of the Republican party when, in 1869, the so-called credit-strengthening act was passed and bonds that were specifically payable in greenbacks were made payable in coin.

Like the gentleman from Illinois [Mr. HOPKINS], this great Senator now disavows the financial policy he helped to frame and denounces his own party as guilty of treason to the plain people of the country. The time may come before the last of these infamous bonds are paid when the privilege of paying them in any kind of coin will be of value to the people. It is more than possible that we shall so far progress as to demonetize both these metals and regain for the people the sole function of issuing their money. If such a happy fortune shall lie in the womb of the future for this generation these gentlemen who are now clamoring for a coin bond will be the first to join in another demand even now put forth by the paid agents of the money power in this Congress—that the bonds shall be paid in the most valuable money at the time of payment, regardless of the specifications of the contract.

MAINTAINING THE RESERVE.

Wherever we touch the arguments of the defenders of this system of metallism we expose either an absurdity or a misstatement. The crowning absurdity and false pretense is found in the claim that it is absolutely necessary for the preservation of the national faith and the maintenance of "sound money and an honest currency" to keep \$100,000,000 of gold coin locked up in the Treasury. Let us briefly examine this proposition.

It is heralded by every little mouthpiece of the Administration that the present Secretary of the Treasury has achieved a most notable success in making some kind of a contract with certain bankers by which the so-called reserve is to be once more piled up to the \$100,000,000 mark and then maintained. In other words, they are to so manage the finances that this vast sum shall always be kept in the Treasury vaults as a basis for the confidence of the bondholders. And when we challenge this policy as one lacking in every principle of honesty and intelligence, when we declare that there is no possible use for such a waste of the people's substance and demand that the coin be paid out for Government obligations, we are met with the declaration that we are "Populists" and know absolutely nothing of the needs of commerce. They declare that we must have the same kind of money recognized by the civilized world. They point to what they call the balance of trade, and declare that we must have gold for export in settlement of those balances which are constantly arising, but never settled.

Now, what does this mean? If they mean that we need gold for export because of a balance of trade against us, then will some great financier of the bank parlors please inform a puzzled Populist how it is to make it easier for us to get this gold for export if the Secretary of the Treasury shall actually succeed in a scheme by which \$100,000,000 shall be locked in his vaults so that it can not be withdrawn? If the locking up of \$100,000,000 of gold in

the Treasury vaults makes it easier for the people to get it for export, then why, in the name of common sense, do not these great financiers lock up twice as much, and make it just so much more easy to get it? We are a gold-producing people. Every dollar of our surplus that we may export adds to our power to purchase the surplus products of other people. Every dollar locked up in a useless reserve to that extent limits and restricts our power of exchange of our products. Every such limitation reduces the value of every dollar's worth of products offered for sale in this country. This adds to the power of capital over future production, and the ability of gorged monopoly to satisfy its greed at the expense of the producing classes.

Suppose we were to pass a law under which it became the policy of the Government to lock up one-half of the wheat and corn produced in this country. Would it not necessarily follow that we had thus limited our possible exports and reduced the selling price of every bushel of wheat produced after the first year of such folly? It is impossible to conceive of a more palpable absurdity than this hoarding of gold in the Treasury so that we may have it for export. No answer has ever been made to this demonstration. None is possible. Like the clamor against the inquisitorial nature of the income tax, the defenders of this policy show their intent in their discussion. They understand what it would mean for the money magnates of the land to be deprived of their control over the volume of the people's money. They have given evidence of their power during the session of this Fifty-third Congress. They have demonstrated that the little finger of the banks is more potent in influencing legislation and administration than the whole power of 75,000,000 people. They have piled Pelion upon Ossa of misstatement, sophistry, and absurdity, in their attempt to defend a false financial policy.

THE IMPUDENCE OF IGNORANCE.

And who are these gentlemen who claim a monopoly of financial knowledge? What has been the record of their past efforts in behalf of their class? How have their predictions and forecasts been justified by the logic of events? It is time for plain speaking by the representatives of the people on this floor. We have been denounced by all the epithets that ignorant and tricky defenders of privilege have been able to call from the dictionary. They seek to close the discussion of financial questions by the declaration that they are in favor of "honest money." They do this in spite of a record which places upon them and their class the just charge of having violated the national faith by every act they have succeeded in placing on the statute books. They plundered the people by wicked legislation while we were struggling to maintain the Government against the attacks of traitors with arms in their hands and far worse traitors standing here in Congress and legislating in favor of a bond-holding class. They stand now for the class they have enriched by law, and pose as great statesmen simply because they have been thrifty in their service of monopoly.

Wherever we attack their policy we show their false pretense. They dare not meet us in fair argument. They feel the coming of the storm that shall sweep them from power, whether they wear the tarnished robes of Democracy or Republicanism. All through the sessions of this Congress Republicans and Democrats alike in both Houses of Congress have stood firmly allied to prevent the honest representatives of the people from enacting laws in the common interest. They will go out from these Halls and seek to further humbug the people with their sophistries and frauds. Meantime the alleged Democratic Administration will put forth every effort to strengthen the chains that bind this people to the altar of money monopoly. But there is coming a wave of reform that will put in power men who shall have bowed no knee to the Baal of money. The people have been looking into the economic questions now pressing for solution. They have discovered the absurdity of supposing that their interests will be fairly protected by the men who have so constantly erred in the past. I have no fear of the result of the contest into which we have entered. I have an abiding faith in the intelligence of the American people and in their capacity for self-government. They are a long suffering people. But when awake to the danger that impends they will make short work of their oppressors, whether they find them posing as followers of Jefferson or of Lincoln.

The financial question is not to be closed by epithets. It is not to be settled in accordance with the desires of men who seek only their own aggrandizement and the continuance of that system of monopoly under which one legislative body has been made a millionaires' club and the stronghold of privilege. Into this contest I shall go with a firm belief that the truths we have taught will be accepted by the American people to their great benefit and to the overthrow of the power which has degraded American statesmanship to the level of the men whose prototypes were scourged from the temple by the great Teacher.

The Currency.

SPEECH

OF

HON. BENTON McMILLIN,

OF TENNESSEE,

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 14, 1896.

The House having under consideration the joint resolution (H. Res. 275) authorizing the issue of \$65,116,275 of gold 3 per cent bonds—

Mr. McMILLIN said:

Mr. SPEAKER: It will be impossible for me, in the brief time allotted to anyone in this debate, to give that clear, consecutive, and succinct statement of the circumstances which surround this measure which would be pleasing to me and gratifying to the House.

On last Friday we received a message from the President of the United States, acquainting us with the fact that there had been negotiated by the Secretary of the Treasury a sale of bonds, bearing interest at 3½ per cent, to run thirty years, the principal and interest to be paid as the law now allows our other outstanding bonds to be paid. That message also informed us that the right had been reserved in that contract to substitute, within ten days, a gold obligation for the one negotiated, and in that event to reduce the rate of interest to 3 per cent. The law of the contract allows us to pay all our bonds heretofore issued, and these when issued, in either gold or silver, at the option of the Government.

It is, I suppose, conceded by all that in the brief time remaining before this contract goes into effect, it will be impracticable to have legislation on this subject. If the House should pass this bill it has no possible chance of passing the Senate. Therefore, perhaps all we can do is to state what we conceive to be the correct principle in issuing these new bonds.

Sir, the Democratic party has had almost every difficulty that can be conceived to contend with since its accession to power on March 4, 1893. It had left nearly two hundred millions of money in the Treasury when it yielded up the Administration on the inauguration of President Harrison, in March, 1893. The greater part of this had been squandered when we came back, and the system of bookkeeping, or of stating the public debt and the condition of the Treasury, had been changed to prevent that statement from showing the deficiency, outside of the gold reserve fund, which really existed.

Vast debts already long past due had not been paid for the reason that to pay them would tend to show the deficiency which really existed, but which every effort was being made to conceal. Trust funds, not heretofore counted as assets of the Government, were counted as assets for the same purpose. By these several means of changing the form of debt statement, of deferring the payment of honest debts, of appropriating trust funds, and others, the Republicans were able to bridge over to the 4th of March, and to conceal from some, and deceive others as to, the true condition of the Treasury and its bankruptcy. It is known to many that, realizing this stranded state of public revenues and knowing that expenditures made by the "billion-dollar Congress" were daily exceeding our revenues, steps had been taken by the Administration of President Harrison to issue bonds. I believe some of the plates for printing them are said to have been prepared. But at last it was seen that by the devices I have named they could bridge over to the 4th of March and vacate the White House and leave an empty Treasury at the same time. And they did it.

But, sir, not only was there a present deficiency, but by the McKinley tariff law the daily revenues had been so diminished by reason of high tariff rates and the payment of bounties that the condition of the Treasury became more serious every day. Stringency had characterized our money market so long that the panic that has since raged with such fury had fairly set in. It may be truly said that when we came to power we inherited a bankrupt Treasury, a tax system so defective that the deficiency became greater diurnally, and a panic so far advanced that nothing could put an instant stop to it. These were the conditions of our accession to power and the conditions under which the issuance of bonds began. The President assures us in his message that he can place these bonds at 3 per cent interest, and save about \$500,000 a year in interest thereby, if we will give authority to make them payable, principal and interest, in gold instead of issuing them as now authorized by law. The question is, will we save that amount or pay the higher rate of interest on the old form of bond? The present law authorizes him to issue that. No new authority is asked or required. It is only the gold bond which requires new authorization.

The principal of our debt now outstanding, whether interest-bearing or noninterest-bearing, may under existing law—the law of the contract—be discharged in gold or silver at the option of the Government. This proposition is to surrender this right and make, to the extent of this bond issue at least, a new contract binding the Government to pay in gold alone, and forcing the Government to discredit by legislative enactment a large portion of the currency it has put in circulation among its citizens. The inducement to this action, as I stated, is the fact that the loan made and to be affected by it can be secured at 3 per cent interest instead of $\frac{3}{4}$ per cent interest if the discrimination is made. However desirable the saving may be, and however commendable it would under other circumstances be, I do not believe that it is wise to surrender the long-existing right of the Government to pay its debts in either gold or silver at its option and according to the terms of its creation.

Sir, I am not willing for the Government by this act to cast discredit or suspicion upon six hundred and eighty-five millions of bonds heretofore issued and now outstanding.

I believe that to pass this bill and issue these gold bonds would make it impossible to float any future loan that was not secured by the issuance of gold bonds, should it become necessary from any cause for the Government to borrow money or renew bonds now outstanding.

We have now outstanding \$346,000,000 of Treasury warrants, commonly known as greenbacks. We have outstanding, also, about one hundred and fifty millions of Treasury notes of 1890, issued on bullion purchased. This Congress has been urged to retire these, amounting in all to about half a billion dollars, by issuing in their stead gold bonds. The demand would be made to not only redeem these in gold, principal and interest, but to contract in advance that the Government's option to redeem them in any legal-tender coin should be given away. Under the plea of maintaining the parity of gold and silver, we would legislate against silver as one of the coins of ultimate redemption. No greater power could be exerted to cause the two metals to separate than this legislative act by which one is cast aside and declared unfit to be used in the payment of these debts.

The same influences that now clamor for the writing of this contract in gold would with equal plausibility and earnestness demand the writing of all others in gold, and the abolition of silver as legal-tender money. If acknowledged not to be good enough to tender to one class of creditors now, how long would it be accepted by others?

Another consequence likely to flow from this legislation would be the demand of all lenders of money that those who borrow should imitate the Government of the United States, and sign contracts not to tender any currency but gold in the discharge of their debts. States, counties, municipalities, corporations, and individuals would alike be forced to the use of gold alone, and the greatest possible blow would be struck against bimetalism.

However much, Mr. Speaker, I might be inclined at any time to save \$500,000 a year in interest I must, in the brief time allowed me, give some reasons why I prefer to forego that saving now, let the \$500,000 a year go, and let the bonds run at $\frac{3}{4}$ per cent interest under the present law rather than 3 per cent in gold.

This Government has had a terrific trial in the last thirty years, growing out of the great expenses consequent upon our civil war. Our indebtedness at the close of the war amounted to \$2,300,000,000. The interest on that vast sum was more than \$150,000,000 a year. With a country distracted and divided, with a South dismantled and dismembered, Southern men, Northern men, Eastern men, Western men—men from all parts of the country—came up and heroically and patriotically stood by the Government; and they have kept its obligations as good as gold, without issuing any gold bonds. [Applause.] There need be no fear, and in the mind of any man who understands the American people there will be no fear, that this people—divided then, united now; this people, poor then, rich now—will continue to keep the credit of this Government good. All the powers of earth and hell will not prevent it. [Applause.]

Sir, some gentlemen talk as if we will evince bad faith and destroy the credit of the Government if we do not issue gold bonds.

Mr. Speaker, it is not a question of bad faith or good faith. It is not a question of credit or discredit. We will keep faith; we will maintain national credit. The question involved here is, Will we, as the representatives of the people, take our obligations that are written in "coin" and convert them into those to be written in "gold"? If the amount involved were \$1,000,000 per annum, were \$5,000,000 per annum, were \$10,000,000 per annum instead of a half million I would not send this country on that line which I regard as so dangerous. [Applause.] We will take care of the credit of the Government. Give yourself no fear. There are 67,000,000 patriotic, industrious people pledged to that, and they may be trusted to do it. Sir, what will be the consequence of this action? Does the gentleman from West Virginia insist, do the other gentlemen who stand by him insist or claim that this meas-

ure is a panacea for the ills that afflict us? Will this prevent speculators from raiding our gold reserve? It will probably be a little more troublesome, but still within the power of those who want to raid the Treasury and take out the gold, to do it after this bill passes, just as they have been able to do it before its passage.

But there is a consequence that is to flow from this measure; there is an ill that I fear more than I can express. We owe now, it is estimated by different statisticians, not less than four billions of money abroad—four thousand millions. Does any man suppose that when the Government discredits the silver and paper that it has put in circulation among the people anybody on earth will take anything but a gold obligation from an American citizen or an American corporation?

Mr. KYLE. While the gentleman is enumerating the troubles to grow out of this bill, I want to call his attention to the last clause, the proviso of the bill, with which no doubt he is familiar, as he is a member of the committee. Is not the effect of the proviso at the close of the bill, which reads as follows—

Provided, however, That no part of the proceeds of the sale of such bonds, nor of the notes redeemed with such proceeds, shall be available for the payment of the current expenses of the Government—

to permanently retire the notes referred to without putting any currency in their place, and thereby to the extent they are redeemed contract the currency?

Mr. McMILLIN. I am glad my distinguished friend from Mississippi has called my attention to that question, for it presents one of the most serious defects of this measure and one which I regard as exceedingly grave. I intended to comment briefly on that later on, but had as well do so now. I will state candidly that I believe it will have the effect suggested by the gentleman from Mississippi. Whether intended or not, I fear this is the entering wedge not only to write every other obligation of the Government, issued or to be issued hereafter, in gold, but it is the entering wedge to the ultimate destruction of the greenback currency that saved this country once from peril, and which can be utilized to bless the people and make them prosperous if used wisely and judiciously in the future. [Applause.] If there were nothing else in the bill but that I should feel unalterably opposed to its passage, because the effect would be the retirement of that currency without substituting anything in its stead, and thereby a great contraction of the currency. I object to any provision of law that will accomplish such a result as that in a country like this. We hear talk of panics, of ruin, of devastation, and of hard times—why, Mr. Speaker, it is a fact that every political economist in this world will recognize as an unvarying principle that you can not have permanent prosperity in any country while you have a constantly increasing population and an increasing commerce, and at the same time a decreasing currency. [Applause.] To the extent that this is a depreciation of the currency or a contraction of the currency its effects must be disastrous.

Mr. BYNUM. If the gentleman will permit me a suggestion?

Mr. McMILLIN. With pleasure.

Mr. BYNUM. Does the gentleman from Tennessee insist that this provision of law will retire the greenback from circulation?

Mr. COX. It takes it out of circulation to some extent at least.

Mr. BYNUM. Not at all. They can be used in the redemption of the national-bank notes.

Mr. McMILLIN. I will answer my distinguished friend from Indiana. It does not destroy them. It does not take them out of circulation. That was done once—the attempt to destroy them—but the people of the United States resisted the effort and stopped it after about one hundred millions had been destroyed. But this locks them up in the Treasury and for all practical purposes to the people of this country they had just as well be consumed in fire. [Applause.]

Mr. BYNUM. I think that, if the gentleman will permit me, he is entirely in error in regard to that. The Treasury has to redeem the national-bank notes in lawful money, and it will have to pay these out for the redemption of the national-bank notes. So that it only permits their payment in the current redemption, and does not permit their use in the current expenditures. That is the only difference.

Mr. McMILLIN. To the extent that it restricts their use it impairs their usefulness.

A MEMBER. Why did not you propose something of that kind in one of the bills that was acted upon some time ago?

Mr. BYNUM. It was in the bills, but the House would not accept it.

Mr. McMILLIN. Suppose, sir, that we get one hundred millions of greenbacks in the Treasury by paying out gold for them, and only fifty millions thereof is demanded for redemption of national-bank money. This bill prevents the payment of the remaining fifty millions on the current obligations of the Government. It would have to be kept out of circulation, and to that extent this would produce the contraction I predicted.

Now, Mr. Speaker, I repeat that this is the entering wedge to the writing of all of the obligations of the Government in gold,

as well as the obligations of the private citizen. When the Government yields to the demand for gold alone, what citizen, what corporation can resist it? You had as well expect one citizen of China to carry on successfully the war with Japan after his Government had signed a treaty of peace as to expect it.

Mr. STOCKDALE. And all the bonds issued would likely be at this rate of interest.

Mr. SNODGRASS. If my colleague will allow me, the next step will be to fund all of the obligations of the Government and make them all gold-bearing.

Mr. McMILLIN. And that is not all. This is a very far-reaching bill in its ultimate results. Our counties have to borrow money, our municipalities must borrow money, in addition to the corporations and individuals who must borrow money to carry on their business. Now, pass this bill and you announce to the world that the five hundred millions of silver that the Government of the United States has to-day is fit for nothing but to weight down dead men's eyes, and that you will write every other obligation of the Government and force every citizen to meet every obligation in gold. [Applause.]

Mr. Speaker, for one I am not willing to enter upon a career so destructive, so disastrous, so dangerous, so inevitably ruinous as I conceive this to be.

The Secretary of the Treasury appeared before the Committee on Appropriations, I believe, during this Congress, and he was called upon to know whether it would not be good policy to redeem in either gold or silver at the option of the Government. He answered with all the candor that characterizes him—great man that he is, patriotic as he is; I saw him here for twelve years as member of the House, as Speaker, and as Senator, and I bear willing testimony to the fact that one purer in patriotism, loftier in devotion to his country, and more honest in his convictions can not be found—with that candor and patriotism he always evinces, he said he thought it a mistake that originally, when we began the redemption of our obligations in coin, we did not begin to redeem in both gold and silver at the option of the Government. I believe he is correct in that. But when he became Secretary of the Treasury he was beset by evil times. The Administration was in great peril. Our friends on the other side had taken everything in sight, and were weeping because nothing more was in sight to take. [Laughter and applause.]

I have already described to you how he found a bankrupt Treasury and a tariff system so high in its rates that it did not yield the necessary revenue to the support of the Government. I doubt not he did that which he thought was wise in the emergency. He did not think it was a wise thing to reverse the policy which had been in force since 1879 while the panic was raging. But if the worst comes to the worst, if the speculation in gold is to go on and we are to have five hundred or a thousand millions more of bonds put on the people of the United States by means of taking gold from the Treasury with one hand with which to draw out bonds with the other, then I say the Government has this last right, this ultimate reserve power, to check the fellow who demands the right to raid the Treasury for pure speculation, and pay hereafter in silver or gold according as it may be convenient or desirable to the Government. [Applause on the Democratic side.]

[Here the hammer fell.]

Collection of the Income Tax.

SPEECH

OF

HON. BENTON McMILLIN,

OF TENNESSEE,

IN THE HOUSE OF REPRESENTATIVES,

Wednesday, December 12, 1894.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8148) making appropriations to supply urgent deficiencies in the appropriations for the fiscal year ending June 30, 1895, and for other purposes—

Mr. McMILLIN said:

Mr. CHAIRMAN: Probably I shall not detain the committee for the full length of time that has been so kindly yielded to me by my friend from Kentucky, but I wish to say a few words in response to the position taken by my distinguished friend from New York [Mr. BARTLETT] on this very important question. In the first place, I deny one position that he has taken, namely, that this income-tax law is contrary to the Democratic platform, for the reason that the Democratic platform is silent upon the subject. His next position is that it is an unconstitutional tax. That I deny, because we have had the question submitted to the Supreme Court of the United States, the highest tribunal in the land, and it has been passed upon by that tribunal, in the case of a tax bill similar

to this in many respects, but a tax that made an exception to which the gentleman very much objects. As the author of this bill and chairman of the subcommittee framing it, I will be pardoned for taking the time of this body in defending it. We were careful, in framing the income-tax bill, to follow, so far as we could, the former law, in order that the decisions that had been made upon that law should apply to this, and that we should not be going out into terra incognita. I had sworn to support the Constitution of the United States before framing this law, and I will show you, or try to show you, before I am through, that in advocating it and in furthering its passage I did not violate that oath.

Mr. Chairman, those who oppose this measure on constitutional grounds, including my distinguished friend from New York, who has just addressed you, claim that it violates one or other of the following provisions of the Constitution of the United States:

Representatives and direct taxes shall be apportioned among the several States which may be included within this Union according to their respective numbers. (Article I, section 2.)

No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken. (Id., section 9.)

The Congress shall have power: To lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States. (Id., section 8.)

Sir, I deny that the income-tax law violates either one of these provisions of the Constitution. It is fortunate for us that these provisions of the Constitution came before the Supreme Court of the United States for construction and application in 1796, when three members of that court had been members of the constitutional convention which framed these clauses. Congress had imposed a tax in 1794 on carriages. Mr. Hylton, a citizen of the United States owning carriages, held that it was a direct tax not apportioned according to population, and therefore unconstitutional. It is evident from this decision that by "direct taxes" the delegates to the convention meant certain taxes and no other. They meant poll taxes and taxes on real property, including slaves, which in some of the States were real property descending to the heirs.

This was an "act laying duties upon carriages for the conveyance of persons" and levied upon all carriages certain "duties and rates" following the rule of uniformity instead of the rule of apportionment, and providing regulations for the collection of these "duties." It was insisted by those who favored the tax that it was an excise and not a direct tax. Congress thus in the sixth year of the Government construed personal property taxes to be "duties" and not "direct taxes" in the meaning of the Constitution. The Supreme Court of the United States, in the eighth year of its existence, when three members of the constitutional convention were sitting as judges, held that this construction was correct and sustained the tax on carriages.

Justice Chase said:

I think an annual tax on carriages for the conveyance of persons may be considered as within the power granted to Congress to lay duties. The term "duty" is the most comprehensive next to the general term "tax;" and practically in Great Britain, whence we take our general ideas of taxes, duties, imposts, excises, customs, etc., embraces taxes on stamps, tolls for passage, etc., and is not confined to taxes on importation only. It seems to me that a tax on expense is an indirect tax, and I think an annual tax on a carriage for the conveyance of persons is of that kind, because a carriage is a consumable commodity, and such annual tax on it is on the expense of the owner. I am inclined to think, but of this I do not give a judicial opinion, that the direct taxes contemplated by the Constitution are only two, to wit: A capitation or poll tax simply, without regard to property, profession, or any other circumstance, and a tax on land. (Page 175.)

Again, in *Veazie Bank vs. Fenno* (8 Wall., 533), this same doctrine was upheld, and on pages 546 and 547 the learned judges say:

It may further be taken as established * * * that the words "direct taxes," as used in the Constitution, comprehended only capitation taxes and taxes on land, and perhaps taxes on personal property by general valuation and assessment of the various descriptions possessed within the several States. It follows, necessarily, that the power to tax without apportionment extends to all other objects. Taxes on other objects are included under the head of taxes not direct, duties, imposts, and excises, and must be laid and collected by the rule of uniformity. The tax under consideration * * * may be said to come within the same category of taxation as the tax on incomes of insurance companies, which this court at the last term, in the case of *Pacific Insurance vs. Soule* (7 Wall., 434), held not to be a direct tax.

Mr. Chairman, the income-tax law provides for a tax on successions or a tax on incomes derived from successions. In the case of *Scholey vs. Rew* (23 Wall., 331) the succession tax laid by the act of July 13, 1866, was brought in question. It was claimed to be a tax on real estate in some instances, as the property devised in this case was real estate. Mr. Justice Clifford, delivering the opinion of the court overruling this claim, said:

Whether direct taxes in the sense of the Constitution comprehend any other tax than a capitation tax and a tax on land is a question not absolutely decided, nor is it necessary to determine it in the present case, as it is expressly decided that the term does not include the tax on income, which can not be distinguished in principle from a succession tax, such as the one involved in the present controversy. (Pages 347, 348.)

Nor are these the only decisions bearing on this question. In the case of *Springer vs. United States* (102 U. S., 586) the constitutionality of the income tax imposed by the Government from

1862 to 1870 was again brought in question. Again it was decided to be constitutional, and decided that Congress had not transcended its power when it imposed this tax to meet the heavy expenses of the Government.

Sir, I submit that it is neither wise nor safe to override a long line of constitutional decisions running through the whole history of the Government to shield from taxation that part of the community that is most able to pay taxes. Surely the Supreme Court of the United States knew how to construe the Constitution at a time when three members of the constitutional convention composed that body, and at a period removed less than ten years from the sitting of the constitutional convention.

If these decisions may be overturned now, after one hundred years of prosperity and adversity, where can we find a decision of the Supreme Court that may be safely called a part of "the law of the land"? If you can do this, if you can turn over this long line of precedent and practice, if you can throw up a barrier against just taxation, which all the powers of earth have not been able to throw up heretofore, I submit that you had as well announce the opinion that no judicial decision is permanent and no judicial precedent safe to follow in this country. Where, sir, will you find precedents so numerous and cases more thoroughly considered upon which to found a line of permanent judicial decisions?

Not only are we thus fortified by judicial decisions in our contention, but learned commentators on the Constitution of the United States have also taken the view we here present of this question. There is no sounder and more learned expounder of the Constitution than Judge Cooley. In defining a direct tax he says:

The term "direct tax," as employed in the Constitution, has a technical meaning, and embraces capitation and land taxes only.—*Cooley on Constitutional Limitations*, 6th edition, page 388.

Sir, it is insisted that the income-tax law, by exempting \$4,000 in the hands of each family from tax, and imposing the tax on corporations without this exemption, violates the Constitution for want of "uniformity" in the tax. There is no better way to settle these controverted points than by quoting from the decisions of the Supreme Court.

In the *Head Money Cases* (112 U. S., 580, 594), Mr. Justice Miller said:

The uniformity here prescribed has reference to the various localities in which the tax is intended to operate. "It shall be uniform throughout the United States." Is the tax on tobacco void because in many of the States no tobacco is raised or manufactured? Is the tax on distilled spirits void because a few States pay three-fourths of the revenue arising from it? The tax is uniform, and operates with the same force and effect in every place where the subject of it is found. * * * The law applies to all ports alike, and evidently gives no preference to one over another, but is uniform in its operation in all parts of the United States. * * * Perfect uniformity and perfect equality of taxation in all the aspects in which the human mind can view it is a baseless dream, as this court has said more than once.

Again, Mr. Justice Miller has elsewhere said:

They are not required to be uniform as between the different articles that are taxed, but uniform between the different places and different States. Whisky, for instance, shall not be taxed any higher in the State of Illinois or Kentucky, where so much of the article is produced, than it is in Pennsylvania. The tax must be uniform on the particular article, and it is uniform within the meaning of the constitutional requirement if it is made to bear the same percentage over all the United States. That is manifestly the meaning of this word as used in this clause. The framers of the Constitution could not have been meant to say that the Government in raising its revenue should not be allowed to discriminate between the articles which it should tax. (Miller on Constitution, pages 240, 241; see also Pomeroy's Constitutional Law, sections 280, 287.)

Mr. Chairman, if the contention of our adversaries were right the principle they clamor for would overturn almost all other tax laws on our statute books. It would overturn any tariff law framed in the last quarter of a century, because we have a higher rate of taxes on silks than on cotton goods. Under the present tariff law we have a higher rate on fine woolen goods than on coarse goods. We have a higher rate on fine cotton than on coarse cotton; a higher rate on champagne than on sugar. Under the law which this supplanted this rule was reversed, and a higher rate was placed on coarse cottons and coarse woollens than on fine.

Sir, it is objected that there ought to be no exemption of \$4,000 to the head of a family. I submit that this is an objection going to the expediency of the matter and not to its constitutionality. Every income-tax law heretofore framed has had some exemption. The first was \$600, then there was a \$1,000 exempted in the hands of each family, and next \$2,000. All these were held to be constitutional. I do not conceal the fact that I would have preferred to see the exemption \$3,000 instead of \$4,000, but whether one amount or another is exempted, it is not obnoxious to the Constitution because there is an exemption. The tax on corporations is on their net income. Their living or running expenses are first taken out. So the law also takes the living expenses of the family out, and fixes the tax on what remains. In view of the difficulty of keeping accounts to show every item that was expended in a family's living—each sack of coffee, each barrel of flour, each barrel of sugar, each sack of potatoes—Congress determined to fix

a lump sum, to wit, \$4,000, as the living expenses of a family, and to tax all above that.

But again, sir. This tax was imposed for the purpose of equalizing the burdens of Government. Almost all our other taxes are placed on consumption. We obtain from import duties over a hundred and fifty million dollars. From the tax on spirits consumed in table use, in manufactures, in dyes, in the compounding of drugs, and in other ways, over one hundred millions. The beer tax amounts to \$31,000,000. All these are taxes on consumption and not on accumulated wealth. It is argued by some that they are voluntary taxes, and may be assumed or avoided according to the inclination of the taxpayer. Whilst this is true as to beverage whisky and beer, it is not true of spirits used in compounding medicines, nor of clothes; for since the ancient episode in the Garden of Eden it has not been the custom for the human family to go unclad, and a tax on clothes and the necessities of life is in no sense a voluntary tax. But all of these are taxes on consumption, and this Congress concluded, and as I think wisely, that there ought to be some tax put on accumulations, and for the purpose of meeting this just demand imposed this income tax. It is not only constitutional, but it is just.

Sir, we are told that the income tax heretofore decided constitutional was a war tax, levied for war purposes. Is any man in this Hall so deluded as to believe that we are beyond the expenses incident to the war? If so, let him examine our interest account on our public debt, amounting to millions of dollars a year. Let him examine our pension roll, which costs the Government nearly half a million dollars a day, and he will see that whilst the war is past the expenses incident to it are still upon us.

Sir, the pension payments under the act of 1890 alone amounted last year to \$57,900,173.54; and still we are told that consumption—the necessities of the people—should pay all these taxes and incomes should go untaxed.

Mr. Chairman, Mr. MORRILL, of the Ways and Means Committee, advocated a tax of 10 per cent on all incomes over \$3,000.

When the proposition to repeal the income tax came before Congress it was opposed strenuously by Mr. SHERMAN of Ohio in the following able manner:

There has been a great deal of clamor against the income tax. It is the same clamor that induced the Parliament of England in 1816 and 1817 to repeal the income tax. When a little colloquy occurred here the other day between the honorable Senator from California [Mr. Casserly] and myself on that subject, I told him that when the proper time came I would show that this tax was sustained by principle, by writers on political economy, by the experience of Great Britain, and that it is just, and the most just and equitable tax that is now levied by the United States of America without an exception. I propose to make good that promise.

The only discrimination in our tax laws that will reach wealthy men as against the poorer classes of people is the income tax. There is no other tax on property levied by the United States of America. The tax on legacies and successions, which was in the nature of a property tax, is about to be repealed by the agreement of the committees of both Houses; and the income tax is the only tax levied by us that bears upon property in any shape or manner. All the rest of our taxes, both internal and external, are taxes on consumption.

Now, according to every true theory of taxation, a large portion of the taxes ought to fall upon property or income derived from property. * * * I do not find fault with them because they complain of it; but if they would see that it was their property and their rights and their income that was saved by the operation of the war, and that most of the people who pay the taxes on consumption necessarily pay nine-tenths of all the taxes, the property holders and wealthy people of this country ought not to complain if we deem it necessary to maintain this tax at 5 per cent instead of, as we propose, at 3 per cent.

We levy nine-tenths of all our taxes upon food and clothing and those things which are consumed by the use of them. For property holders, wealthy people, those who derive a large income from their profession or employment, from their brains or intellect, to complain of this tax, it seems to me, is very unjust.

Again, Mr. SHERMAN said:

A few years of further experience will convince the body of our people that a system of national taxes which rests the whole burden of taxation on consumption, and not one cent on property or income, is intrinsically unjust.

* * * It will not do to say that each person consumes in proportion to his means. This is not true. Everyone must see that the consumption of the rich does not bear the same relation to the consumption of the poor as the income of the one does to the wages of the other.

As wealth accumulates, this injustice in the fundamental basis of our system will be felt and forced upon the attention of Congress. Then an income tax, carefully adjusted, with proper discriminations between income from property and income from personal services, and freed from the espionage of our present law, will become a part of our system, just as such a law proposed by Sir Robert Peel, after a disuse of twenty-five years, was the basis of the revolution in the tax system of Great Britain.

Mr. Chairman, I have no desire whatever to establish class legislation in this country. It is to prevent class legislation that I have advocated and still favor this measure—a class legislation which taxed consumption and not wealth, which placed burdens on the necessities of people and not on their accumulations. I have no sympathy with that fear expressed by some that if we impose this tax we will drive wealth from our borders. If the wealthy man in his vain effort to escape the burdens necessary to good government flees from our land, turns his back on our flag, whither will he fly and find no income tax? If he goes to England he will escape a 2 per cent tax and get under one twice as large; if to Germany, Italy, or almost any great country of the

world, he should wend his way, he will find a greater income tax than is imposed by this country, and when, moved by so ignoble a sentiment as that of escaping this just tax, he gets there, whether proudly or not, he can look around at those who fled with him to escape equitable taxation and truly exclaim:

True patriots we, for he it understood
We left our country for our country's good.

Sir, there is no retrogression in this question. The English ministry, always conservative and oft pandering to wealth, are about proposing to the Parliament a graduated succession tax, ascending as high as 8 per cent on the estate of the decedent.

Sir, let me next address myself to the second position taken by my distinguished friend from New York [Mr. BARTLETT], that "This is an unjust tax." To this proposition I propose to pay my respects for a moment. I agree to the proposition which the gentleman quoted, that "an unnecessary tax is an unjust tax," and still I defend this one. Let us see what the condition of the country is at present. I quote from the report of the Secretary of the Treasury, in which he states that the deficiency for the year ending June 30, 1894, was \$89,808,200, and that the receipts for that year have fallen off \$88,914,008. I further quote from him the statement that, even with the income tax in full operation, collecting what we may be able to obtain from this source, we are still to have a deficit for the year ending June 30 next of \$20,000,000. And yet my distinguished friend from New York proposes to augment that deficit \$30,000,000 by repealing or abrogating this income-tax law. Rather than put this pittance of taxation on accumulated wealth or the fixed incomes derived from it, he would make that deficiency fifty millions instead of thirty millions dollars.

Mr. BARTLETT. Will the gentleman permit a question?

Mr. McMILLIN. Certainly.

Mr. BARTLETT. I would like to ask the distinguished gentleman what has become of his tariff for revenue, constructed on revenue lines, if he has to come in here now with a proposition for a deficit?

Mr. McMILLIN. The tariff for revenue was constructed with the income tax to aid it. We put it there for the purpose of supplementing the tariff, and it is there now and will stay there. [Applause.] That is what has become of it. But before the gentleman comes to that he will remember that the law does not become operative until the first of next fiscal year; that under it the taxes could not be collected until the middle of July, and that the tariff bill was framed with this income-tax provision in it, but for which we would have been guilty of sending to the Senate a bill to provide revenue to run the Government, but which created a deficit of \$75,000,000. I think I have some bravery, but I am not and was not bold enough to deliberately legislate a seventy-five-million-dollar deficiency. It will be remembered the sugar tax was not inserted in the House.

Mr. COCKRAN. May I ask the gentleman a question?

Mr. McMILLIN. Certainly.

Mr. COCKRAN. Does the gentleman mean that the tariff bill, as reported here from the Democratic Committee on Ways and Means, by its reduction in tariff rates created the deficit?

Mr. McMILLIN. I do say emphatically that till we inserted the income-tax bill in it it showed on its face a deficiency of about that amount, whether by the reduction of rates or otherwise. I believe that the deficit would not have been seventy-five millions because the reduction of rates would increase importations. Therefore, there would not have been probably a reduction of full \$75,000,000; but if we count the revenues on the importations of the year preceding there was a deficiency on its face of \$75,000,000.

Mr. COCKRAN. But I understand that the gentleman would not be guilty of the folly of making such a computation, and that it is his whole contention, and the contention of all tariff reformers, that reduction in the rates of tariff taxation means a stimulus to importations with a corresponding increase of revenue, not a decrease.

Mr. McMILLIN. There would be increased importations; but I do not believe that any man calculating fairly and honestly can come to the conclusion that there would have been a sufficient increase to make the revenues meet the expenses of the Government and prevent a deficiency; and therefore we imposed the income tax. After the bill went to the Senate that body taxed sugar, which will add forty or more millions to our revenues.

Mr. COCKRAN. Now permit me—

Mr. BARTLETT. I believe I am entitled to the next interruption.

Mr. McMILLIN. I do not care which gentleman I yield to, but I only wish to yield to one at a time.

The CHAIRMAN (Mr. BAILEY). Does the gentleman from Tennessee yield to the gentleman from New York nearest to him [Mr. BARTLETT] or the gentleman from New York farthest from him [Mr. COCKRAN]?

Mr. McMILLIN. I would be "happy with either, were t'other dear charmer away." But I will take the gentlemen in their order.

Mr. COCKRAN. I yield to the gentleman nearest to my friend from Tennessee. That position of distinction ought to make everybody yield.

Mr. McMILLIN. In one sense both these gentlemen are very "near" to me; they are both my warm personal friends.

Mr. BARTLETT. I should like to ask the gentleman from Tennessee why there was not inserted in the last platform of the Democratic party some such provision as this: "We believe in a tariff, and a tariff for revenue only, but, that tariff inadequate, to be supplemented by an income tax."

Mr. McMILLIN. I am unable to tell the gentleman why such a provision was not inserted in the platform of our party. It may be that the extent of our deficiency was neither known nor anticipated. But a large majority of the representatives of the whole people, irrespective of party, when they assembled here, thought it ought to be inserted; and they did insert such a provision in our legislation. It is the law to-day; and the question is whether you will enforce the law or whether you will abrogate it by refusing to make this appropriation. The gentleman from New York by his actions says that, having failed to defeat the law when up for passage, he will now defeat it by refusing to appropriate money to enforce it.

Mr. BRECKINRIDGE. Let me ask one question: Was it ever contemplated in the Democratic platform or by the Democratic Ways and Means Committee that all the revenue of the Government should be raised by customs, and that the internal revenue, including the tax on whisky, tobacco, etc., should be repealed?

Mr. McMILLIN. It never was intended. On the contrary, the Democratic party has taken strong ground against that position in this Hall and elsewhere. It has refused in the past, it will refuse in the future, to take all tax off whisky to put more on clothes. It passed this tax that it might reduce the burdens on clothes and other necessities.

Mr. STRAUS. Will the gentleman allow me to ask him one question?

Mr. McMILLIN. With pleasure, if my time can be extended by unanimous consent.

Several MEMBERS. Oh, yes.

Mr. STRAUS. The Secretary of the Treasury reports, I believe, that there will be a surplus of revenue to the extent of \$20,000,000 for the year ending June 30, 1895. Now, if there should be a surplus of revenue, is not the gentleman willing to have the income tax repealed?

Mr. McMILLIN. The gentleman from New York is in error. There will be no surplus June, 1895. Again, I regard this a just law and want it to help pay our pension roll of \$140,000,000 a year. That there may be a surplus any time in the near future what must we do? We must, as we have done for three years past, violate the law of the United States and refuse to pay one dollar upon the sinking fund. When you pay up the hundreds of millions dollars arrearages, which have accumulated in that way—when you comply with the law and pay \$50,000,000 a year upon the sinking fund and our enormous pension list and other heavy expenses—then if we have a surplus I shall be ready to discuss the question of the repeal of this tax. But even then (to be perfectly candid with the gentleman) I do not hesitate to say I would take taxation off clothing and other necessities of life rather than off wealth. [Applause on the Democratic side.]

Mr. Chairman, as I was going on to say when interrupted, the gentleman from New York complains of this tax as an unjust tax. Why unjust? Whence the injustice? Whom does it hurt? He says it falls upon the poor man, because his rent will be increased. The poor man is paying it now. He will not be in any worse condition if the taxation is put on some other things than clothes.

Mr. BARTLETT. How is the poor man paying the income tax now?

Mr. McMILLIN. The poor man is not paying the income tax. But I want to tell you how taxes are paid, and you will very readily see who pays them.

The internal-revenue tax is over \$147,000,000. Now, there is not a man in his senses in this Hall or anywhere else who will claim for one moment that these taxes are paid in proportion to the wealth of the people from whom they are derived.

Mr. BARTLETT. What taxes are you speaking of?

Mr. McMILLIN. The whole internal-revenue system—the taxes on whisky, on beer, on tobacco, on oleomargarine, on privileges; every tax that is internal in its nature outside of this tax that we are now proposing to collect by this appropriation.

Mr. BARTLETT. I will answer, with the consent of the gentleman, and say to him that this tax is paid by the individual in proportion to the consumption.

Mr. McMILLIN. In proportion to the consumption! That is just the point. Not in proportion to what he has, not in propor-

tion to his wealth, but he has to pay the tax exactly in proportion to what he is compelled to consume. It has no reference to the wealth he may have accumulated, but only to his necessities. He has to pay as many dollars on the camphor his family uses as does his neighbor who could buy his whole earthly possessions multiplied a thousand times over.

Mr. BARTLETT. Does the gentleman mean to assert that one man should pay a different tax on a glass of whisky from what another one pays?

Mr. McMILLIN. I do not; but each should pay to the support of the Government that blesses him, that protects him, in proportion to the blessing he receives through the protection of his property and himself. If he has a big estate, then he should pay a big tax. If he has a little estate he should pay a little tax, and the man with only a thousand-dollar income ought not to pay the same tax to the support of the Government of the United States that is paid by the man who has five millions of annual income. [Applause.] Sir, under the government established by God himself for the government of his chosen people they paid tithes; the more a man made the more he paid.

Mr. BARTLETT. Will the gentleman yield for a question?

Mr. McMILLIN. With pleasure, if I can have my time extended, and the House has always been so courteous to me that I suppose I need not fear about that. Ask your question.

Mr. BARTLETT. I would like to ask the gentleman from Tennessee whether he is ignorant of the fact that the man who is most protected by the Government of the United States is the poor man, the idiot, or the man who is dependent upon the community? The rich man needs no protection. He has money and can afford to defend himself. He has money enough to employ a body of armed retainers, just as much now as was done in the middle ages—

Mr. McMILLIN. Well, I would prefer not to yield to the gentleman for a speech.

Mr. BARTLETT. I did not mean to consume the gentleman's time except with his consent.

Mr. McMILLIN. I can not do more than yield to questions. This I am always glad to do for the gentleman from New York.

Now, Mr. Chairman, to illustrate the point I am arguing, and in reply to the remarkable statement of the gentleman from New York that the wealthy require no protection, I shall depart from my usual course. In the whole of these discussions, Mr. Chairman, I have never been in the habit of using on the floor of the House, as an illustration or otherwise, the names of individuals. But, moved by the gentleman's astonishing declaration, and in order to show the flagrant wrong that is done by a system of taxation under which we have been living, I will call your attention to the name of one man which is not unfamiliar to many of you and certainly not to every citizen of the State and city of New York. I speak of Mr. William Waldorf Astor.

This gentleman ran for Congress once against the present governor of New York, Mr. Flower, and was defeated. He permitted that defeat to do for him what no man ought to permit to be done in this country, that is, it soured and embittered him against the Government of the United States and our institutions generally. He moved abroad, and not content with what he could say against America himself and our American institutions, he purchased one of the ablest journals in the great Government of Great Britain, the *Pall Mall Gazette*. I believe he ultimately added one or two other journals to his list. He lives there now, and this newspaper which he owns and controls is doing its work against our institutions. And yet, Mr. Chairman, the income of this man, I am credibly informed on what I believe to be good authority, derived from property in New York, is more than \$5,000,000 a year. He does pay a State tax, he does pay a county tax, and he does pay a municipal tax, it is true, but he does not pay the Government of the United States one dollar, and has not paid five dollars in five years, although he has this colossal fortune, which is protected by our Army and defended by our Navy.

Now, we say that notwithstanding his foreign residence, his voluntary expatriation, he should be compelled to pay something to support the Government that blesses and protects his vast estate in this country. [Applause.] What say you? [Addressing Mr. BARTLETT.] Where is the man who will contend that there is any injustice in requiring him to bear a portion of the burden of taxation? If he is here, let him rise up and proclaim it.

Mr. BARTLETT. I will answer that, if the gentleman will yield to me for a moment.

Mr. McMILLIN. I will yield to the gentleman if I can have an extension of my own time.

Several MEMBERS. That will be done, if possible.

Mr. BARTLETT. The gentleman has asked me a question and has yielded me time to answer, as I understand.

Mr. McMILLIN. Then please be brief, as I have to be brief myself.

Mr. BARTLETT. I will answer the gentleman, that there is no better taxpayer in the State of New York than Mr. William Wal-

dorf Astor. I will answer him further, that there is no family in the State or county of New York that contributes more largely to taxation purposes—State, county, and municipal—than does the Astor family.

Mr. CRAIN. He admitted that.

Mr. McMILLIN. How about the Federal tax? That is what I was talking about. I admitted that he paid his State and county taxes. But they do not run the General Government, and its taxes are about as much as all these others combined.

Mr. BARTLETT. If it be your purpose to proscribe the rich—

Mr. McMILLIN. That is not the purpose, and I will not be misrepresented.

Mr. BARTLETT. That was an inquiry only. I say, if it is your purpose—

Mr. McMILLIN. I say protect each alike, I respond to the gentleman from New York, and tax the rich and the poor in proportion to what they possess and not in proportion to what they need.

Mr. SMITH of Arizona. Make the dollars pay the taxes.

Mr. McMILLIN. Now, I wish to have read for the benefit of the Committee of the Whole the utterance of a distinguished Senator of the Republican party on this question, formerly Secretary of the Treasury, Mr. JOHN SHERMAN.

The Clerk read as follows:

If you leave your system of taxation to rest solely upon consumption, without any tax upon property or income, you do make an unequal and unjust system.

Mr. McMILLIN. There is no question about the truth of that proposition. Now, there is no claim that we ought to raise all the revenues of the Government by this method.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McMILLIN. If I can have a few minutes, by unanimous consent, I should be very glad—the time not to come out of the time of my friend from Kentucky [Mr. BRECKINRIDGE].

Mr. COCKRAN. I ask unanimous consent that the gentleman have more time.

There was no objection.

Mr. McMILLIN. Now, Mr. Chairman, as I intimated in another connection, we have been forced to the necessity of increasing the bonded indebtedness of the United States \$100,000,000 within the last year. For one, I do not want to see that policy persisted in by the Government of the United States. Each generation, except in times of great trouble and trial, when the doctrine is impossible of enforcement, ought to pay the current expenses of that period. And I am unwilling, for one, to let this tax go, to let it become inoperative, and to see as the inevitable result of that folly the still further increase of the bonded indebtedness of this country. I do not want to lay a lien on the pockets of posterity. I do not propose to perpetuate the public debt, with all the excuses that that gives for excessive taxation in every form conceivable, both high tariffs and high internal taxes.

Now, as the gentleman has spoken of tariff taxes, let me utter to him one truth: That the only sure hold he has upon a permanent and thorough tariff reform is by collecting some of the taxes, and a good portion at that, from other than customs sources. So long as you so frame your policy that all the manufacturer has to do to get more protection is to make more expenditures and increase the cost of the Government, so long will you be debarred the blessings of economic government to the country.

Mr. COCKRAN. Will the gentleman allow me to ask a question?

Mr. McMILLIN. Just one word first, lest I shall be cut off again, and then I will try to yield to my friend.

Now, as I stated, we collect \$147,000,000 from internal revenue sources. That can not be claimed to be an equal imposition upon the wealth of the citizen in proportion to what he possesses. Then we collect from customs sources \$131,000,000. So that all the revenues which we obtain from these two sources, which are nearly three-fourths of all we obtain, are levied upon the things that men use, not in proportion to what they possess, but in proportion to the necessities of consumption. Now I, for one, am very anxious to see that policy reversed.

I would not clamor for the discharge of all the obligations of the Government by an income tax; but you already have the poor taxed out of all proportion to what they possess through your internal-revenue tax and your tax upon the necessities of life. Put a little of it—less than one-tenth has been proposed by this measure—put a little of it on the wealth of the country and interest the rich in the administration of public affairs.

Mr. COCKRAN. Will the gentleman permit me a question?

Mr. McMILLIN. Yes.

Mr. COCKRAN. It is a question which I desired to put a moment ago in the line of my prior question. I want to ask the gentleman this question: Does he contend that a reduction in tariff rates will work a reduction in the revenues of the Government, or does he contend that a reduction of the rates of tariff taxes will work an increase in the revenues of the Government?

Mr. McMILLIN. I will answer that in this way: You can make such a reduction in the tariff rates as would work a great reduction of revenue, of course; but to the revenue point a decrease of the high rates we had under the act of 1890 will tend to work an increase of the revenue.

Mr. COCKRAN. Did the bill known as the Wilson bill reduce tariff rates down to the revenue point, or did it leave them above it?

Mr. McMILLIN. The rates were not reduced to the revenue point on all articles. They were on others; but I beg of my friend to remember that there was an enormous free list created by that bill, which deprived us of the revenues that those articles had yielded; and I do not believe that the Wilson bill as framed will have the effect to raise the revenue necessary to carry on the Government without this income-tax.

Mr. COCKRAN. I understand the gentleman's contention, then, to be based upon the assertion that the Wilson bill as it passed this House, and the tariff law as it passed both Houses, will operate to reduce the revenues of the Government below the volume of revenue which the Government enjoyed under the McKinley act?

Mr. McMILLIN. If the gentleman wants information from me, I will deal candidly with him, and will say that without this provision of law they will fall below the revenues necessary to carry on the Government for a year or two at least. The sugar tax, added by the Senate, will of course add many millions. The House bill without this and the income tax both would have left a permanent deficiency.

Sir, one other point to which I desire to call the attention of the House is that the gentleman who preceded me laid great stress on the fact that "we were not in a war period." I beg him to remember that nearly one-half of all the taxes now raised have to be paid out for the purpose of meeting expenses that grew out of the war. As I have before stated, one hundred and forty millions in pensions alone, \$28,000,000, if I remember the figures correctly, in interest, to say nothing of that other law that I speak of as being in abeyance, of \$50,000,000 a year to meet the sinking fund.

Mr. Chairman, moved by the oppressions of unjust taxation, our forefathers rebelled against the mother country and established this the greatest of all the Republics. In committing it to us, Jefferson, the immortal author of our immortal Declaration of Independence, admonished us to do "equal and exact justice to all men of whatever state or persuasion, political or religious." The Supreme Court has told us that the income tax is a constitutional tax. The observation of anyone who examines our entire tax system will show him that it is a just tax when taken in connection with the vast taxes we impose on consumption. Let us appropriate this money to collect it, and show our people that it is our purpose to tax all to maintain the blessings of free institutions and perpetuate the greatest and grandest Government that man ever devised. [Applause.]

[Here the hammer fell.]

Mr. McMILLIN. I am profoundly grateful to the committee for its courtesy and attention.

Proposed International Monetary Conference.

REMARKS

OF

HON. IRVING P. WANGER,

OF PENNSYLVANIA,

IN THE HOUSE OF REPRESENTATIVES,

Monday, March 4, 1895.

The House having under consideration the resolution to refer the bill (H. R. 3800) to the Court of Claims—

Mr. WANGER said:

Mr. SPEAKER: The views expressed by my friend from Ohio [Mr. GROSVENOR], touching the importance and possible utility of the proposed conference for the purpose of securing, internationally, a fixity of relative value between gold and silver, as money, by means of a common ratio between these metals, with free mintage, have my hearty concurrence, and, as far as they extend, need no elaboration. But there are besides his suggestions others equally pertinent to the matter, which I shall endeavor to briefly state.

It is to be remembered that when the International Monetary Conference was held at Brussels in 1892 our representatives were asked what they had, in behalf of the Government of this country, to propose for the promotion of the object of the conference, and they were criticised by other representatives for, and their influence was doubtless weakened by, their not being able to definitely outline the international policy we desired, or that failing,

the national policy the United States would probably adopt toward silver for the future. The latter could only be judged then, as now, by the legislation on the subject.

We now hold a position of decidedly greater advantage and probable influence than in 1892 by reason of the repeal of the purchasing clause of the Sherman Act and the demonstration thereby that it is not possible for other nations, equally interested in the proper solution of the problem, to stand idly by and leave our country hewing their wood and drawing their water, financially, without any aid or cooperation from them. And if they wish the cessation of falling prices, so far as the latter are the result of discrimination against silver as a primary money for final redemption, it is essential for them to unite with us in using silver in order that the equilibrium between gold and silver at an agreed or at a proper ratio may be restored and maintained. And if they will not do that then this country will pursue a policy from which they will derive scant satisfaction so long as their unfriendly and selfish attitude is maintained.

In April, 1892, the late Hon. S. Dana Horton stated in the preface to a then new edition of his work, "Silver in Europe," the forceful fact, as true now as then:

Europeans will never remonetize silver merely because Americans wish them to do so; they will do it only when they recognize it to be to their interest. * * * Once it is recognized that the European outlawry of silver is a blunder, a blunder for Europe, and there is daylight ahead.

From the action of the German Reichstag and of various bodies in England and France, it seems as if a conviction was growing that the outlawry of silver was a blunder for Europe no less than for America, and the fact lends hope to the possibility of important results to be achieved through the coming conference. This is largely the logical results of our latest legislation on the subject, and we may properly congratulate ourselves thereon.

But to my mind we have not gone far enough, and it is to be regretted that our conferees are not armed with definite instructions and authority to be enabled to point to legislation providing, among other things, that after a certain period the duties upon articles imported from or the product of a particular country shall be paid in the coin which in such country is unlimited legal tender and of the metal given free and unlimited mintage by the laws of such country, and that in every possible way the United States proposes to favor those nations which assist in sustaining its financial policy, and to secure from the other nations an equivalent for the failure of the latter so to do.

International bimetalism is the ultimate hope and the only safe and permanent solution of the financial problem, but failing an early agreement to that end a vigorous and distinctive American policy, promotive of the same, is a pressing duty of American statesmanship.

The gentleman from Nebraska [Mr. BRYAN] states his belief that this country can alone maintain bimetalism, and the gentleman from Kansas [Mr. SIMPSON] supplements the declaration by citing the example of Jefferson and Hamilton, and says:

Let us profit by the example these patriotic citizens and leaders of the two great parties gave us.

What was that example? When the coinage act of 1792 was passed the commercial ratio of gold to silver was 15.17 to 1, and the legal ratio was made 15 to 1, with the effect of all the gold which was coined leaving us.

The commercial value of gold to silver is to-day 34.40 to 1; and although Jefferson and Hamilton were mistaken in supposing our country could maintain bimetalism when they dropped a mere fraction of seventeen-hundredths from the commercial value, gentlemen contend that we can now maintain it although we should drop eighteen and forty-hundredths below the commercial value!

If Hamilton had acted upon the principle declared by the gentlemen from Nebraska and Kansas he would have advocated a ratio of about 7 to 1 instead of 15 to 1 and cited in justification of the act that that ratio prevailed for a time during the reign of Julius Caesar!

No, gentlemen; the free coinage of silver by this country alone, at the ratio with gold of 16 to 1, means silver monometallism here as it does in Mexico, in India, or in China. And while favoring effectual legislation by this country toward the white metal, let it be with the certainty of eventual bimetalism, and without the sacrifice of our financial integrity or of any other advantages we now enjoy. The cost of our present credit has been too enormous and its value is too great to be idly thrown away; and no occasion exists for such stupendous folly.

Among the beneficent results of the restoration of Republican supremacy in the legislative councils of the nations I trust to witness measures which will give certain assurance that the days for the outlawry of silver are numbered, and that the dawn of restored financial equilibrium throughout the world is breaking, permitting the revival of hope and restoration of prosperity. [Applause.]

State Taxation of National-Bank Notes and United States Treasury Notes.

SPEECH

OF

HON. THOMAS J. HENDERSON,

OF ILLINOIS.

IN THE HOUSE OF REPRESENTATIVES,

Friday, July 6, 1894.

The House having under consideration the bill (H. R. 4336) to subject to State taxation national-bank notes and United States Treasury notes, and for other purposes—

Mr. HENDERSON of Illinois said:

Mr. SPEAKER: The question of taxing national bonds and Treasury notes or greenbacks is not a new question. That subject has been discussed in almost every campaign since the close of the war. Like the gentleman from Ohio [Mr. NORTHWAY], I have discussed the question of taxing the bonds of the United States, and also the Treasury notes, in many political campaigns, for I have found quite a number of people in my Congressional district who have insisted that both bonds and greenbacks issued by the United States should be subject to taxation by the States, just the same as other property and money; and with such people the term "bondholder" is a term of reproach, as if it was disreputable to be a holder of a bond of the United States. But I have always believed, and still believe, that it was not only right and proper to exempt the bonds and other credits of the United States from State and municipal taxation, but that a sound public policy demanded such exemption. And why should not the greenback, or Treasury note, be exempt from taxation as well as the interest-bearing bond of the United States?

I confess I am not able to see any good reason why the one should not be exempt from taxation as well as the other. The Treasury note or greenback is as much a credit of the United States as the interest-bearing bond is; and the reasons seem to me to be just as strong for exempting the Treasury note from taxation as they are for exempting the interest-bearing bond. My friend and colleague from Illinois [Mr. CANNON] says we can not tax the bond, for it would be a violation of the contract to do so. Well, is it certain that it is not a violation of the contract to authorize and permit the taxation of the Treasury notes? Every Treasury note or greenback in circulation to-day has been issued and put in circulation under laws which exempted them from taxation, and it may well be doubted whether Congress has the power now to authorize States and municipalities to tax the Treasury notes in circulation.

In the Forty-ninth Congress, as I remember, the gentleman from Maine [Mr. DINGLEY] made an able report from the Committee on Banking and Currency against a bill to authorize the taxation of the Treasury notes of the United States by States and municipalities; and I believe that committee held that Congress had not the power to authorize such taxation. It seems to me, Mr. Speaker, that it is not only bad faith in the Government but that it is bad policy now to authorize the taxation of its credit by any State or municipality. And to authorize the taxation of greenbacks, as proposed, is certainly to authorize the taxation of the credit of the United States.

But whether Congress has the power to authorize the taxation of the greenbacks or not, having issued and put them in circulation under laws exempting them from taxation, still I put my opposition to this bill to authorize such taxation upon higher ground. I believe the Government ought not to adopt the policy of permitting States and municipalities to tax its credit. It is a dangerous policy in my judgment. Is it correct, Mr. Speaker, to say that a Treasury note is a credit of the United States? There can be no doubt about it in my judgment.

In a very well-considered decision made by the supreme court of the State of Indiana in the case of *The Board of Supervisors of Montgomery County and Another vs. Elston*, found in the thirty-second Indiana Reports, page 31, that court held that the issue of Treasury notes to circulate as money among the people was but a borrowing of money without interest from the people.

Mr. COOPER of Indiana. Does not that same decision hold that the money so issued is money?

Mr. HENDERSON of Illinois. I do not understand it. The court says in substance that the Treasury notes were issued to circulate as money, and they are in fact nothing but a promise to pay so many dollars. And the decision was to the effect that they were exempt from taxation, but that the notes of the national banks were not exempt and might be taxed by the States and by municipalities authorized to levy taxes the same as money. That was the decision.

Mr. COOPER of Indiana. I understand it is.

Mr. HENDERSON of Illinois. I have said that the greenbacks or Treasury notes were credits of the United States, and that it was dangerous to authorize States and municipalities to tax such

credits. Some gentlemen who favor the passage of the proposed bill admit that it would be dangerous to permit the taxation of Treasury notes by the States in time of war. Why, Mr. Speaker, is it dangerous to permit such taxation in time of war? I answer that if the Government in time of war permitted the taxation of its credit it would be difficult to borrow money or to circulate its Treasury notes as money among the people, and the Government would not only be crippled in its efforts to obtain money to carry on the war, but its very existence might be endangered.

But, Mr. Speaker, are we not on the verge of war to-day? The military arm of the Government has been found necessary to preserve peace and good order in some parts of the country, and as our revenues are not sufficient to meet the expenses of carrying on the Government, we may find it necessary within thirty days from to-day to borrow money on the credit of the Government, or to issue Treasury notes, to be used as money, to meet the enormous expenses and burdens that are now being imposed upon us, to protect life and property and to prevent the entire transportation facilities and business interests of the country from being paralyzed and suspended. And is it not wiser and better for the Government to maintain its credit and to permit no act of any State or municipality to impair it in any way?

It seems so to me, and I would not allow, in war or in peace, any State or municipality whatever to impose a tax upon any credit of the United States, whether a bond bearing interest or a Treasury note which bears no interest and yet is just as much a credit of the Government. In fact, Mr. Speaker, it would seem more necessary to impose no burden upon the greenback or Treasury note, for the reason that it does not bear any interest.

It is true, I know, as my friend from Ohio [Mr. GROSVENOR] says, that the greenbacks are as good as gold. But may not that be one of the ways of keeping them as good as gold—not to permit them to be subject to taxation at the pleasure of States and corporations in States? That is the reason why we keep in the Treasury of the United States \$100,000,000 in gold to keep the greenback as good as gold. But to-day we have only some sixty odd millions of the gold reserve in the Treasury, and very soon we may not have gold enough in the Treasury to maintain the greenbacks at par. We should, therefore, be very careful in our legislation not to do anything which may depreciate the value of the Treasury notes of the United States. It would be far better to retire them, in my judgment, from circulation altogether than to adopt the policy of permitting States and municipalities to tax the credit of the United States at their pleasure.

Mr. Speaker, no better reason can be given against permitting States and cities and other municipalities to tax the credits of the United States than was given by Chief Justice Marshall, in the case of *Weston vs. The City of Charleston*, which will be found in 2 Peters, page 449. In giving the opinion in that case, Chief Justice Marshall said:

No one (power) can be selected which is of more vital interest to the community than this of borrowing money on the credit of the United States. No power has been conferred by the American people on their Government the free and unburdened exercise of which more deeply affects every member of our Republic. In war, when the honor, the safety, the independence of the nation are to be defended, when all its resources are to be strained to the utmost, credit must be brought in aid of taxation, and the abundant revenue of peace and prosperity must be anticipated to supply the exigencies, the urgent demands of the moment.

The people, for objects the most important which can occur in the progress of nations, have empowered their Government to make these anticipations, "to borrow money on the credit of the United States." Can anything be more dangerous or more injurious than the admission of a principle which authorizes every State and every corporation in the Union which possesses the right of taxation to burden the exercise of this power at their discretion? If the right to impose the tax exists it is a right which in its nature acknowledges no limits.

It may be carried to any extent within the jurisdiction of the State or corporation which imposes it, which the will of each State and corporation may prescribe. A power which is given by the whole American people for their common good, which is to be exercised at the most critical periods for the most important purposes, on the free exercise of which the interest certainly, perhaps the liberty, of the whole may depend may be burdened, impeded if not arrested, by any of the organized parts of the confederacy. * * *

We have considered it as a necessary consequence, from the supremacy of the Government of the whole, that its action in the exercise of its legitimate powers should be free, and unembarrassed by any conflicting powers in the possession of its parts; that the powers of a State can not rightfully be so exercised as to impede and obstruct the free course of those measures which the Government of the States, united, may rightfully adopt. * * * The tax on Government stock is thought by this court to be a tax on the contract, a tax on the power to borrow money on the credit of the United States, and consequently to be repugnant to the Constitution.

Now, as was well said by Judge Ray, of the supreme court of Indiana, in the decision referred to, after quoting the foregoing extract from the opinion of Chief Justice Marshall, the Treasury notes of the United States (or greenbacks) had their origin in the very exigency contemplated by Chief Justice Marshall. They were issued at a moment when the Government, stripped of her property and menaced in her capital, was compelled to demand of her citizens the peril of property and life alike, on the faith of her promise.

Now, Mr. Speaker, the greenback or Treasury note was a forced loan upon the people. It was made a legal tender by law, and the people were compelled to take it without regard to its value. It was not originally made receivable for duties on imports, but

has since been made so. It was, as I have said, a forced loan from the people, and the people received it as money when it was worth only 40, 50, or 60 cents on the dollar. But finally the Government made the greenback good and proposed to keep it at par with gold; and it seems to me that the good faith of the Government is as strongly pledged to-day to prevent its taxation by the States and municipalities in the States as it was at the time the law was enacted which provided for its issue and circulation as money.

It has been said, "Suppose I have greenbacks in my pocket, another gentleman has silver in his, and a third has gold; while the gold and the silver are taxed, the greenbacks are not." I admit the force of this; I admit that it is bad to have one kind of money in circulation which is subject to taxation and another kind which is exempt from it; but it is better to have it so, in my opinion, than to adopt the dangerous policy of permitting the credit of the United States to be taxed by States and municipalities. And these Treasury notes having been issued and put in circulation, under a law which provided that they should be exempt from taxation, why is it not beyond the power of Congress now to say that they shall be subject to taxation? It certainly can not be done without at least bad faith on the part of the United States.

Is not the law authorizing the issuing of Treasury notes a part of the contract; and, as the law exempted these notes from taxation, is it not now a violation of the contract to authorize their taxation? It seems so to me, Mr. Speaker; and it is no answer, in my judgment, to say that they are now redeemed in gold.

But has the Government no interest in keeping the greenback in circulation and keeping it at par? Suppose we subject them to State and municipal taxation, suppose it should be held constitutional and proper to permit States and municipalities to impose taxes upon them, what may be the result, whether it will be to retire them from circulation or to depreciate their value, I do not know.

I do not know whether you can compel my friend from Missouri [Mr. HALE] to surrender his greenbacks or not; but if he does not do it, that does not answer the argument of the gentleman from Ohio [Mr. HULICK]. The argument of that gentleman was that the greenbacks were put in circulation and are in circulation with an express provision of law that they are exempt from State and municipal taxation, and that it is not constitutional now for the United States to exercise this power and say that the States may tax them; and further that it is a violation of good faith. And in that position I am inclined to agree with him.

Cases have been referred to, Mr. Speaker, where, to encourage industries, State legislatures have exempted certain property from taxation, and subsequently such property was taxed; but such cases, it seems to me, are not analogous to this in any manner. Here the Treasury note has been issued by the Government of the United States, in the form of a promissory note or obligation of the Government to pay a coin dollar, and it was exempted from taxation because it was a credit of the United States. The Government issued the greenbacks; it put them in circulation, and it was essential to the national existence that credit should be given to them. It was in this way that the Government was enabled to go on with the war, to put down the rebellion, and maintain and preserve the Union of the States.

Under these circumstances, Mr. Speaker, I am of the opinion that we can not without violating good faith now provide that these greenbacks issued and put in circulation among the people, under a law exempting them from taxation, may be taxed by the States at their pleasure.

Mr. COOPER of Indiana. What consideration does the holder of the greenback yield up more than the holder of a gold dollar?

Mr. HENDERSON of Illinois. Only the consideration that the greenback has been exempted from taxation. But that suggestion does not meet the question. The greenbacks have become as good as gold, because the Government proposes to redeem them in gold whenever presented for redemption. But as they were issued and put in circulation under laws which exempted them from taxation, the Government should redeem and retire them from circulation rather than permit its own credit to become the subject of taxation by the States.

My friend and colleague on the Committee on Banking and Currency, Mr. Cox, admits that if the greenbacks were simply Treasury notes issued by the Government of the United States and promising to pay a dollar or dollars, that then he would say they ought to be exempted from taxation. But inasmuch as they have been made a legal tender, therefore they ought to be subject to taxation the same as any other money is. Now, it does seem to me, that the mere fact that the Treasury note was made a legal tender by the Government does not warrant its being made subject to taxation, for, legal tender as it is, it is but a promise to pay money, and the value it possesses is, after all, the value which the credit of the United States gives to it; and the fact that it is made a legal tender, and that people may be compelled to receive it as money when it is not money and is only good because the Government will redeem it in gold, only seems to me to create a

stronger obligation on the part of the Government to keep good faith with the holder of greenbacks, and not allow them to be taxed by States and municipalities. I, however, Mr. Speaker, rest my whole opposition to the passage of this bill—authorizing, as it does, the Treasury notes of the United States to be taxed by the States—upon the higher ground that the Government should never permit its credit to be burdened in any manner by State and municipal taxation. I think the bill should not pass.

Pension Legislation.

REMARKS

OF

HON. AUGUSTUS N. MARTIN,

OF INDIANA,

IN THE HOUSE OF REPRESENTATIVES,

Saturday, March 2, 1895.

The House having under consideration the subject of pension legislation—
Mr. MARTIN said:

Mr. SPEAKER: Under the leave given to me by the House of Representatives during the last hour of the third session of the Fifty-third Congress, I make the following brief statement as to the work of the House Committee on Invalid Pensions and of the House itself during that Congress in the line of pension legislation.

The list and residences of the members constituting that committee and the clerks and subcommittees of the committee, are as follows, to wit:

COMMITTEE ON INVALID PENSIONS.

AUGUSTUS N. MARTIN of Indiana, chairman; ROBERT W. FYAN of Missouri, DARIUS D. HARE of Ohio, MICHAEL J. McETRICK of Massachusetts, MELVIN R. BALDWIN of Minnesota, WILLIAM RYAN of New York, JOHN J. McDANOLD of Illinois, CONSTANTINE J. ERDMAN of Pennsylvania, GEORGE B. FIELDER of New Jersey, ALFRED A. TAYLOR of Tennessee, JOHN A. PICKLER of South Dakota, JOHN F. LACEY of Iowa, LEWIS D. APSLEY of Massachusetts, GEORGE D. MEIKLEJOHN of Nebraska, and LUTHER M. STROSG of Ohio.

Clerk—Homer L. Martin.

Assistant clerks—William H. Wilson and Royal Denny.

Special detail from Pension Office—T. Fletcher Dennis.

Bills introduced by members from the following States and Delegates from the Territories are referred to the member of this committee whose name is given in the following list of subcommittees:

A. N. MARTIN—Indiana, Arizona, and New Mexico.
ROBERT W. FYAN—Missouri and Indian Territory.
DARIUS D. HARE—Twelfth to Twenty-first districts of Ohio; West Virginia, and Texas.
MICHAEL J. McETRICK—Seventh to Thirteenth districts of Massachusetts; Connecticut, and Rhode Island.
MELVIN R. BALDWIN—Minnesota, Wisconsin, and Michigan.
WM. RYAN—New York and Utah.
JOHN J. McDANOLD—Illinois, Arkansas, and Florida.
CONSTANTINE J. ERDMAN—Pennsylvania, Mississippi, and Oklahoma.
GEORGE B. FIELDER—New Jersey, Maryland, and Delaware.
ALFRED A. TAYLOR—Tennessee, Kentucky, North Carolina, South Carolina, Virginia, and Georgia.
JOHN A. PICKLER—South Dakota, North Dakota, Montana, Nevada, Oregon, and Washington.
JOHN F. LACEY—Iowa and Kansas.
LEWIS D. APSLEY—First to Sixth districts of Massachusetts; Maine, New Hampshire, and Vermont.
GEORGE D. MEIKLEJOHN—Nebraska, Colorado, California, Wyoming, and Idaho.
LUTHER M. STROSG—First to Eleventh districts of Ohio; Alabama, and Louisiana.

Mr. Denny, one of the assistant clerks, resigned January 1, 1894, and the place remained vacant thereafter.

The general statement of the number and nature of bills and resolutions referred to said committee is as follows, to wit:

Number of general House pension bills and resolutions referred to the committee	96
Number of similar bills from the Senate	3
Resolutions reported by the committee	4
General bills favorably reported by the committee	11

As follows:

1. To supplement the act of June 27, 1890, so as to give pensionable status to the widows of soldiers who died in the service but not in line of duty. This bill passed the House, but was not considered by the Senate.

2. To repeal the law prohibiting the payment of pensions to non-residents. This provision was enacted into law as an amendment to the pension appropriation bill.

3. To give the same weight to testimony of private soldiers as to that of officers. This bill passed the House, but was not considered by the Senate.

4 and 5. House and Senate bills providing for the payment of accrued pensions and as to the effect of pension checks mailed to pensioners after their death. This was enacted into law March 2, 1895.

6. To punish officers for postdating vouchers. This did not pass the House, not having been reached for consideration.

7. To pension members of State militia, and others not regularly mustered, for wounds or injuries received in battle. This bill did not pass the House, not having been reached.

8. To restore pensions to soldiers' widows whose pensions had ceased because of remarriage but who had again become widows. This did not pass the House, never having been reached for consideration.

9. To permit fourth-class postmasters to execute vouchers for pensioners. This was enacted into law.

10. To amend the act of June 27, 1890, as to insane, idiotic, or otherwise permanently helpless children. This passed the House, but was not considered by the Senate.

11. To restore the status of members of the Missouri State militia under the act of June 27, 1890. This was enacted into law.

There were referred to the House Committee on Invalid Pensions 1,236 private pension bills introduced in the House and 71 similar bills which had passed the Senate, and of these bills that committee reported 143 favorably and 23 adversely.

The 1,236 House bills referred to said committee may be classified as follows:

To pension quartermasters' employees and others not regularly mustered into the service of the United States or the widows of such	202
Bills containing no sufficient data to classify	122
Bills improperly referred to this committee and hence returned for reference to other committees	81
To pension alleged permanently helpless children of soldiers	73
To restore pensions to soldiers' widows who had remarried but again become widows	74
To pension persons whose claims are still pending in the Pension Bureau	57
Bills to pension those already pensioned, the passage of which would be of no benefit	20
To pension soldiers or widows of soldiers who served less than ninety days	33
To pension army nurses	24
To pension soldiers not disabled in a ratable degree	28
To allow arrears of pensions	23
Exact duplicates of other bills	17
To pension deserters or their widows	19
To pension widows of soldiers who died in the service but not in line of duty, such widows not being pensionable under the act of June 27, 1890, because the soldier was not discharged	16
To pension mothers of soldiers whose death was not due to the service	29
To pension mothers of soldiers who left a widow or child having prior title	14
To pension stepmothers or foster mothers of soldiers	17
To pension fathers of soldiers	10
To pension stepfathers or foster fathers	4
To pension sisters of soldiers	12
To pension stepister of soldier	1
To pension women not legally married to soldiers	11
To pension supposed widows where soldier's death is not positively proved, but presumed on account of long absence	25
To pension adult daughter of soldier	1
To pension minor children by first wife of soldier who left a widow by second marriage	1
To pension widow married since June 27, 1890	1
To pension brother of soldier for personating him in the regiment for some weeks	1
To pension soldier whose disability resulted from vicious habits	2
To pension soldier who had served for a time in the Confederate Army, and also in the Union Army	5
To pay accrued pension to relatives of soldiers	10
To pension widow who is not dependent under act of June 27, 1890	1
To restore pension stopped because illegally allowed	3
To repeal former private acts procured by fraud	3
Bill identical with one enacted into law in Fifty-second Congress	1

INCREASE.

To increase soldiers' pensions	220
To increase widows' pensions	61
To increase mothers' pensions	3
To increase daughter's pension	1
To increase brother's pension	1
Total	1,236

Of the private pension bills which passed both branches of Congress and were sent to the President three were vetoed.

One of these was a bill to pension a widow whose claim in the Pension Office it was found could be allowed by that office under a ruling made by Assistant Secretary Reynolds, of the Interior Department, since the bill had been favorably reported by the committee to the House. This veto will benefit the widow several hundred dollars.

The second of these bills was favorably reported by the committee to the House on erroneous information from the Pension Bureau that no pension was being paid by the United States to any one, when in fact the soldier's widow, a second wife, has long been drawing a pension.

The third veto was of a bill which would have effectually repealed a private pension act of March 3, 1871, alleged to have been procured by fraud, but which the President vetoed under, as I have reason to believe, a misapprehension. This was the Hiram R. Rhea bill. The effect of this veto is to leave the alleged fraudulent pensioner upon the pension roll, a thing never intended by the President in vetoing this bill.

These three vetoes all occurred during the last session of the Fifty-third Congress and near its close.

Of the 143 private pension bills which were favorably reported by the House Committee on Invalid Pensions 79 became laws, 3 were vetoed by the President, 8 died in the hands of the President for want of his signature, having reached him within less than ten days before the last day of the Fifty-third Congress, and the residue died upon the House or Senate Calendars for want of time to consider them. Of the 8 bills aforesaid which died in the President's hands 4 were House bills and the other 4 Senate bills.

Of the 1,236 House private bills which I have stated were referred to the House Committee on Invalid Pensions a reliable record entry has been made as to the merits of each of them, in substantial bound volumes, which will be left in the room of said committee for the use of future Congresses.

These entries are based upon written reports, furnished to said committee by the Pension Bureau, in each of said cases where a claim for pension had ever been filed there to secure a pension.

I desire to state here, of course, not for the information of members of Congress, but of others not familiar with the facts, that bills for the removal of the charge of desertion, and bills covering services rendered in other wars than the War of the Rebellion, are never considered nor reported upon by the Committee on Invalid Pensions.

As to general pension legislation growing out of the civil war, enacted by the Fifty-third Congress, I will endeavor to hurriedly recall the same.

The first of such general legislation was a proviso placed, upon my own motion, upon the urgent deficiency bill approved by the President on December 21, 1893, generally known as the "vested right" bill forbidding the suspension of pensions without notice, and is in the following words, to-wit:

Provided, That any pension heretofore or that may hereafter be granted to any applicant therefor under any law of the United States authorizing the granting and payment of pensions, on application made and adjudicated upon, shall be deemed and held by all officers of the United States to be a vested right in the grantee to that extent that payment thereof shall not be withheld or suspended until, after due notice to the grantee of not less than thirty days, the Commissioner of Pensions, after hearing all the evidence, shall decide to annul, vacate, modify, or set aside the decision upon which such pension was granted. Such notice to grantee must contain a full and true statement of any charges or allegations upon which such decision granting such pension shall be sought to be in any manner disturbed or modified.

One effect of this proviso was to stop the practice which had been followed in the Bureau adjudicating claims for pensions for about a hundred years, of suspending pensions without giving notice to the pensioners.

Another, and the immediate, effect was to annul all such suspensions without notice then pending, and to cause the immediate payment of such suspended pensions to the pensioners entitled thereto.

A few cases have been cited, among the thousands of suspended pensions restored by this act, to show that injustice had been done to the United States by the effect of this act, but a careful examination of the cases thus cited will show that almost all, if not all, of these cases were not affected by said act at all, or that the United States had already had abundant time to have acted finally thereon long before the passage of said act. Notably was this the case in the Jane Hill claim.

The vital principle of said act was to give effect to the long accepted rule of law that neither a Government bureau, a court, nor a person shall be allowed to interfere with the adjudicated right of another without first having given due notice to the latter.

Another general law was the proviso engrafted upon the general pension appropriation act approved July 18, 1894, making the reports of medical examining boards open to the inspection of applicants for pension, or increase thereof, or the attorneys representing such claimants.

Another general act was the proviso upon the general pension appropriation act approved March 2, 1895, expressly repealing the proviso of the general pension appropriation act approved March 3, 1893, taking away the pensions of certain nonresidents. The effect of the proviso of March 2, 1895, was to restore to the pension roll the names mostly of mothers and widows of deceased soldiers, and the repeal was recommended by both Commissioner Lochren and the House Committee on Invalid Pensions.

Another general law was the act of March 2, 1895, as to the payment of pensions accrued prior to the death of any pensioner, and also declaring that, where a pension check is forwarded by the United States to a pensioner who dies after executing the proper pension voucher but before receipt of the check, such check shall be considered as a payment and shall be paid to the proper person representing the deceased pensioner.

Another general law gives to fourth-class postmasters authority to administer oaths in the execution of pension vouchers.

Another general law was one to restore the status of members of certain Missouri State Militia who had been granted pensions under the act of June 27, 1890, but whose right to draw the same had recently been overthrown by a decision of Assistant Secretary of the Interior Reynolds.

These militia were a class who had seen and rendered service to the United States in the civil war of an arduous and dangerous character, of much more than ninety days' duration, but who had not been regularly mustered in and discharged from the military service of the United States.

Another general law is a proviso on the general pension appropriation act of March 2, 1895, authorizing and requiring medical pension examining boards to state ratings for the various disabilities of applicants whom they examine, and to make these ratings parts of their reports to the Pension Bureau.

Another, and perhaps the only other, general pension law enacted by the Fifty-third Congress was a proviso of said general pension appropriation act of March 2, 1895, declaring that all pensions already granted, or that may hereafter be granted, at a rate less than \$6 per month shall be increased at once to \$6 per month, to date from the approval of said act or the date of any subsequent allowance of a pension for disabilities heretofore ratable at and aggregating less than \$6 per month.

The effect of this act will be to at once increase to \$6 per month more than 48,000 pensions granted for disabilities incurred in the military service of the United States, and rated at less than \$6 per month.

All these general bills were signed by President Cleveland.

I do not care to extend my remarks further except to thus publicly extend my thanks to my colleagues on the Committee on Invalid Pensions for their faithful attendance upon the duties of that committee. No partisan bias ever came into our considerations of matters of legislation, and good feeling and courtesy ever prevailed.

I likewise bear testimony to the careful, efficient, and courteous performance of duty by the clerks of said committee and the principal examiner detailed from the Pension Bureau.

With these remarks I bid adieu to a six-years service in Congress, during which I have never been appointed upon any other committee than Invalid Pensions, with the hope that my own efforts have been of some use.

Gen. Philip Sidney Post.

REMARKS

OF

HON. CHARLES A. BOUTELLE,

OF MAINE.

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 26, 1895.

The House having under consideration resolutions paying tribute to the memory of Gen. Philip Sidney Post, late a Representative from the State of Illinois—

Mr. BOUTELLE said:

Mr. SPEAKER: I can hardly hope to add anything to the appreciative tributes that have been paid to the memory of our distinguished friend and associate, and yet I should be unresponsive to my own impulses if I should fail to make some expression of my sincere sorrow for his loss and reverence for his memory. My own acquaintance with General Post has been confined entirely to the period of his public life here. While we served under the same flag and in the same cause during the late war, in which he gained such merited distinction, we first became acquainted in this capital city as members of this body, and although my acquaintance with him has always been of an exceedingly pleasing character, that of the past few years has assumed an intimacy of social friend-

ship which caused his sudden death to prove a sharp and severe personal bereavement.

No word has been said here to-day in eulogy of General Post that has failed to elicit the most warm and heartfelt response from my own convictions and feelings. He was eminently of the true type of an American citizen. He was a gentleman in the highest and noblest sense of the term, and often, during my acquaintance with him, when I have reflected upon the modesty which marked his entire demeanor, while all the time I had full knowledge of the glorious record he had made in his country's service, I have thought how aptly his name was given in his infancy, for, of all those who have rendered the history of that great war period of our nation's life illustrious and splendid, I know of no man on either side better entitled to have borne the name of the chivalrous and gentle Philip Sidney than my friend, General Post.

He was of the very essence of chivalry. His nature was composed of those elements of honor, truth, and gentleness that go to form the very highest examples of what we revere as real manhood. I was particularly struck this afternoon by that portion of the eloquent tribute of my friend from Alabama, Mr. CLARKE, in which he alluded to one of General Post's most remarkable characteristics as his modesty. I never heard him speak of any episode of personal prowess or personal achievement with which he had been identified during the war. It was not through lack of interest in his personal service or in his relations as a soldier, for he was very proud of his comradeship with those who bore the burden of battle, proud of the associations of those eventful years, proud of the victories that were won and of the results that were achieved.

He liked to talk about them in an impersonal way, and was generous in awarding praise to others, and yet in all the conversations that I had with him and those in which I heard him mingle, I never heard him refer to a personal achievement or a personal sacrifice. So it happened that while I had that general public knowledge which we all obtain in regard to men who have figured prominently and brilliantly in times of great importance in our history, it was not until General Post had passed away while under the same roof with myself that I became fully conscious that during all the years in which we had associated with him here, when his face was habitually wreathed with a pleasant smile and when he met us all day after day with his characteristically cordial and kindly greeting, he was bearing about with him mortal wounds; that his body had been shot and lacerated and torn by grape and canister on more than one field of battle, on one of which he had been left for dead.

I have no doubt, Mr. Speaker, that General Post fell at last as a victim of injuries received in his military service. While the frightful wounds that he had received on various occasions were not immediate in their fatal effect, I am confident that his taking off at so early a period of his maturity is directly attributable to the injuries he had sustained in the performance of his duty as a citizen and a soldier. I need not allude further to his record in the war. It is a part of history, and to-day that history has been illuminated by the testimony of men who served with him under the same flag and of men who served against him on many bloody fields. That record will stand. It will stand to his honor through all time to come. The grand State of Illinois and the great nation which he so faithfully served in war and in peace will see to it that his memory is kept green. His comrades will cherish it as the dearest heritage a true soldier and a good man can leave when he passes beyond the veil that hides from mortal vision the joys of the better life.

But, Mr. Speaker, to my mind the highest proofs of manhood are not found on the field of battle or in the public forum. I believe the true test of the highest manhood is to be found in domestic relations, in the sanctity of home, in the discharge of those sacred duties and obligations which come to us day by day and hour by hour, outside of the excitements and distractions of public life, but which call upon all that is best in our natures in the gentle and kindly relations of husband, father, neighbor, fellow citizen, friend.

And it is in that respect that I love to remember Gen. Philip Sidney Post. For the past two years, my social relations with him have been of an intimate character; and no history of his achievements in the field, no record of public effort or public success in legislative life could commend him to me as he has been endeared by my knowledge of the simple beauty and affection of his private life.

It has been said, Mr. Speaker, that "all the world loves a lover." That is true. And to my mind the most lovable of all love is that which endures through all the years of conjugal life and parental experience and only brightens as the days go by. To my mind there is something especially beautiful in that kind of affection which enables the true lover, as the years roll away and the silver threads steal in among the chestnut tresses, to see beneath them only the beloved features and sweet smile of the bright-eyed girl who was so proudly led to the altar in the "auld lang syne."

Such was the relation of General Post to his wife and his children. It was a delight to mingle with them in their family relations. It is a delight to me to remember now how beautiful were all those associations of the family in which his life was passed. And to those to whom his death came as the most severe of all calamities that can befall, what immeasurable comfort there must be in the remembrance of that steadfast devotion, that unflinching affection, which kept them here with him through all the long and scorching weeks of last summer's session, caring for his comfort, cheering him amid labors of public life, and giving to him that which I know was dearer to him than all else, the constant support of the presence and companionship of those he best loved.

And what a consolation, too, it must be to them that when the summons came it was not at the time of his first sharp illness four or five weeks previous, when all of his household were away at their home in Illinois, but that his family were enabled to come here with him, and that when he knew that he was passing away he could feel upon his forehead the soft hand of affection and realize that he was surrounded by the wife and daughter and son who had so loved him to the end, and who will cherish his memory as a precious inheritance.

The hero lies still where the dew-dropping willows
Like fond-weeping mourners lean over his grave.
The lightnings may flash, the loud thunders rattle;
He heeds not, he hears not; he's free from all pain.
He sleeps his last sleep; he has fought his last battle;
No sound can awake him to glory again.

That, Mr. Speaker, is true of earthly life and earthly glory; but, thanks be to Him who gave us the family altar and the affections which twine around it, our deceased friend lived and died in the full confidence and faith, which we share with him, that there is a glory and a happiness brighter than any that has blessed us here, and that beyond the shores of time he will be reunited in immortal joy with those now left sorrowing here.

The Navy and the Revenue-Cutter Service.

SPEECH

OF

HON. JAMES W. COVERT,

OF NEW YORK.

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 19, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8063) making appropriations for the naval service for the fiscal year ending June 30, 1896, and for other purposes—

Mr. COVERT said:

Mr. CHAIRMAN: Were it at all permissible under the rules of the House I would be most glad at this juncture to offer an amendment to the measure now under consideration. This amendment would call for the transfer of the Revenue-Cutter Service from the control of the Treasury to the Navy Department.

Ever since I have held a seat in this body I have by voice and vote aided to the extent of my ability in every effort looking to the upbuilding and advancement of the American Navy. My vote shall go in that direction to-day, but with it shall go a feeling of deep regret that the measure under consideration will not accomplish the result I have indicated—the making the Revenue-Cutter Service in name as in fact a part of the naval establishment.

This measure makes provision for the immediate enlistment of 1,000 additional men in the naval service. I believe this added force will be rendered imperatively necessary if the other provisions of the measure calling for the construction of additional battle ships and war vessels shall be enacted into law. It requires no argument to show that some time must of necessity elapse before the services of these men thus newly enlisted can be fully utilized. They must be drilled and thoroughly instructed in their duties; they must be taught the art of naval warfare before they can become able seamen and efficient members of the naval force. The transfer of the Cutter Service to the Navy would at once secure, as a part of the naval establishment, a body of thoroughly trained and admirably equipped men, fully prepared for any service that might be required of them.

The Cutter Service is an organization of 220 officers and 850 seamen, manning 36 vessels of various classes.

As I pointed out to the House in the brief discussion yesterday, when the matter of the Cutter Service was under consideration, these officers and men are not only thorough sailors, made so by hard and practical experience, but they have been fully drilled in all the arts of marine warfare.

They are to-day as competent to perform the duties of any

branch of the naval service as the ablest officers and most experienced men of the Navy. They should form part of the naval force of the country, and this measure should have made provision for their transfer to that branch of the Government service.

In the remarks I had occasion to submit yesterday I called attention to the fact that the Revenue-Cutter Service was in fact so essentially a part of the naval organization that its men had taken active part in every naval warfare in which the country had been engaged. I had not the time to particularize then. I have not sufficient time to do so now, except to say that so far back as the year 1790 the President was authorized by Congress to direct the Cutter Service to cooperate with the Navy at any time, either in peace or in war. During the century which has almost elapsed since then, whenever the exigency demanded it, this executive direction has been given, and has been most faithfully and loyally observed.

In the war of 1812 this branch of the service captured ten merchantmen, three barges, and over 800 officers and men.

During the Seminole war seven cutters were employed in active operations, and their officers and men rendered most gallant and effective service. In the war with Mexico nine cutters cooperated with the Army in offensive operations, and with infinite credit to the brave officers and men by whom they were manned.

But it was reserved for the late civil war to establish beyond all question the naval character of the Revenue-Marine Service. All the vessels of the cutter establishment were at this juncture manned, armed, and in every way equipped as naval vessels. These conditions were maintained during all the long years of the war. I do not propose now to speak at any length of the valuable services rendered to the Government by the officers and men on board our revenue cutters at that trying period.

The record speaks for itself. The echo of the first gun at Sumter had scarcely died away when the cutter *Harriet Lane* speeded on her course to the relief of the devoted garrison. Only a few months later the guns of the same vessel aided in the reduction of Forts Clark and Hatteras. The occupation of Norfolk, the attacks on Drewry's Bluff and Fort Anderson, the engagement at Tulifiny River, the operations of the Potomac flotilla in the Chesapeake Bay—all these engagements witnessed the heroic and earnest endeavor of the officers and men of the Revenue-Marine Service.

The Government at that juncture regarded this branch of the service as a part of its naval establishment, and a grateful and patriotic people were proud and glad to so regard it.

In return for services thus promptly and gallantly and most efficiently rendered what has this Government done? What benefits has it bequeathed to the officers and men of the Revenue Marine?

I was constrained to speak yesterday, Mr. Chairman, of unjust discriminations made by Congress between twin branches of our sea service. To the credit of the American people, they have sustained our efforts here to upbuild and strengthen the American Navy. To the discredit of the Federal Congress, it has for years practically ignored the claims and merits of the Revenue-Cutter Service. Bear with me for a moment only while in addition to the suggestions made yesterday I submit one additional fact in support of this assertion. It is found in a simple comparative statement of the pay of naval and revenue-cutter officers of corresponding grade and rank.

Naval officers' pay.

	Sea pay.	Retired pay.
Lieutenant-commander	\$3,000	\$2,250
Lieutenant, senior grade	2,670	1,950
Lieutenant, junior grade	2,000	1,500
Ensigns	1,400	1,050
Cadets	900	

Revenue-cutter officers' pay.

	Sea pay.	Waiting orders pay.
Captain	\$2,500	\$1,800
First lieutenant and chief engineer	1,800	1,500
Second lieutenant and first assistant engineer	1,500	1,200
Third lieutenant and second assistant engineer	1,200	900
Cadet	600	

Since the discussion yesterday over the proposition to place the superannuated officers of the Cutter Service on waiting orders, it has been rumored that an effort will be made at a compromise by which it is claimed partial justice will be done to this branch of the service. This proposed compromise embodies a plan to place on waiting orders the very few officers who are now too old or infirm for active service, but makes no provision in this regard for the future, leaving that to be accomplished by subsequent legislation. The point to which I desire to direct particular attention is

that under the terms of this proposed compromise this arbitrary granting of unequal benefits for substantially the same service is italicized and emphasized. It is proposed that the officers of the Cutter Service thus to be placed on permanent waiting orders shall receive only half pay while borne on this list. Compare this allowance with that accorded to naval officers under similar conditions, as I have just given it, and the absolute injustice of this new proposition is at once made manifest.

Mr. Chairman, on behalf of the patient, faithful, and gallant body of men constituting the Revenue-Cutter Service, I protest against the adoption of this proposed compromise. The time has come, I submit, sir, when simple, even-handed justice should be done to this branch of the service.

I have said that Congress has been unfair in its treatment of this matter in the past, but for years there have been members of this body who have recognized the claims of the Revenue-Marine Service, and who have done loyal work for its advancement.

The plan for the transfer of the service to the control of the Navy Department is no new proposition. In the Fifty-first Congress a measure for the accomplishment of this purpose passed the House by an overwhelming majority—only 19 votes, if I remember correctly, being recorded against it. Lack of time alone seemingly prevented the concurrence of the Senate in this proposition. The adoption of this measure then would have given added strength to the Navy and would have promoted the efficiency of both these branches of the Government service. The measure of relief discussed yesterday—the retirement of the superannuated officers of the service—should have been adopted without difference and in lieu of the compromise now suggested.

To this Congress, and not to the one that shall succeed it, should belong the honor of adopting this measure of simple justice. Let us not be deceived. The Revenue-Cutter Service is, with the people, deservedly the popular branch of the sea service. The people know and understand its make-up and its nature. They understand the character and the value of the services it has rendered. They know and realize that it stands ready to give the same effort, the same zealous services, again when they shall be demanded in the defense and protection of the flag of our common country.

Just as the people have approved our efforts to strengthen the American Navy, in the same measure will they applaud every act on our part to benefit and advance the Revenue-Cutter Service.

While I regret the omission in the pending bill to make adequate provision for the service in the directions I have indicated, I shall give hearty support to this measure as it stands.

Let us build the battle ships and torpedo boats for which provision has been made; let us enlist the additional men required for the service, and let the grand work of enlargement and improvement go on until the American Navy shall assume its rightful rank among the navies of the world.

The Late Philip Sidney Post.

REMARKS

OF

HON. JONATHAN P. DOLLIVER,

OF IOWA.

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 26, 1895.

The House having under consideration the resolutions paying tribute to the memory of Hon. Philip Sidney Post, late a Representative from the State of Illinois—

Mr. DOLLIVER said:

Mr. SPEAKER: I desire to join with my friend from Illinois and his associates in this House in a few words of tribute to the memory of General Post. I remember upon my entrance into the Fifty-first Congress the kindly greeting of General Post, and in the latter years of his service it was my privilege to enjoy a somewhat intimate personal acquaintance with him. Long before his death I had often thought and spoken of him as a splendid example of what a man of great ability and great character was able to achieve in a generation such as that in which he lived. It seldom happens to anybody to be great both in military and civil life.

The records of the war of the rebellion show that among the really great military commanders developed by that struggle General Post's name ought to occupy a notable place. Not only measured by his sacrifices, but measured by his achievements, he will take a position in the history of the country as a successful soldier. Of course behind such services as he rendered the United States in the hour of public danger there lay a foundation of patriotism

and an intelligent comprehension of the duties of citizenship in a Republic like ours; and that comprehension of the duties of citizenship gave to his career in civil life as long as he lived an eminence and distinction such as falls to the lot of but few men to attain.

If I were called upon to point to the characteristic of General Post which most impressed those who came in contact with him, I would say that it was extraordinary originality and strength of his character. There are only few men that go through life in places of high official distinction and in the discharge of great duties who take so little of color from their surroundings as did General Post. I heard General Sherman, shortly after the death of General Grant, say of him that he had been in situations more lowly and more exalted than any man who ever lived in the world, and had been absolutely unaffected by either.

It is to that small group of men General Post belonged. He was not bewildered by his distinction won in the military service of his country; he was not encumbered by the offices of trust which betokened the confidence of his fellow-citizens. Thirteen years of continued public service in an eminent position in one of the most glittering capitals of the world, very far from coloring General Post's views of life, only served to emphasize and illustrate the sterling Americanism of his character.

The House of Representatives gave to General Post a field of activity well suited to his tastes and intellectual gifts. He was both a student and a debater. His long residence abroad had familiarized him not only with the conditions of social and industrial life in other countries, but with the practical measures brought forward by statesmen in other lands for the solution of social and industrial problems. No man has occupied a seat in this Chamber since the war who was able to bring to the discussion of these questions a greater store of actual knowledge or more thoroughly considered convictions. He takes his place among the leading thinkers of his time upon the complex problems which relate to the industrial life of the Republic. His opinions sometimes led him into an open disagreement with his party associates, but that disagreement never led him into the field of factional politics, never lost him the good will of those from whom he differed or the confidence and respect of the leaders with whom he associated. He never quarreled. In fact, his great strength in the House came in part from the persuasive affability of his manner and the modest reserve of his opinions.

While others clamored for public notoriety and wasted their influence in spectacular advertisements, he relied with cheerful assurance, upon the well-tryed weapons of debate and argument. It is no small tribute to the intellectual power of our departed friend to say that his own Congressional district never faltered in its support of any position relating to public affairs which General Post assumed after he had presented his views and defended his opinions before the people upon the hustings; and no man here will question the sincerity which he brought into every speech which he delivered and every vote which he recorded on this floor. But whatever General Post accomplished in this Chamber, and however important his public service may have been as the representative of his country in foreign capitals, those who knew him, as they reflect upon his career, will always be drawn to the splendid years of his early manhood when he offered his sword for the defense of the flag of our common country.

His comrade, General GROSVENOR, has spoken beautifully of him as a representative of the youth of 1861 who forgot the interests of home and business, and out of a pure patriotism entered the ranks of the Union Army to maintain the integrity of the Republic. To have served even in an humble way in that Army gives to a man an honor that does not belong to the walks of peace and to his children an inheritance that can not fade. But General Post, though he began his service in an humble station, by the force of military genius, joined with a courage that knew neither failure nor danger, ended his career with the record of a distinction that has become a passport to renown wherever the history of the United States attracts the interest and attention of men.

It was a record based upon achievements, upon sacrifices, upon success, and not gained by accident or by favor. He fought at the front, and his maimed and broken body carried to the grave the cruel marks of the battlefield. When I think of what this generation owes to the men of 1861, of the loss and sorrow of those memorable years, I can but feel a new sense of gratitude to the heroic leaders whose courage and wisdom guided the armies of the Republic and won the final victory for the Union. Their names will be embalmed in the reverent memory of their countrymen and their fame become a precious heritage to all generations.

I would like to speak of General Post as I knew him in the relations of friendship and daily association which make up so large a part of the reward of membership in this House. I have never known a man whose heart was fuller of good fellowship, of kindly sentiment, than his. He was a master of the art of conversation, and the group that gathered about him in the office of

the hotel in which we both lodged, after the labors of the day were over, will not forget those quiet hours, passing often far into the night, which were enlivened by the wisdom of his discourse, by his kindly philosophy of life, and by the subtle influence of his gracious personality.

He lived for his family in an atmosphere made beautiful by all the graces that adorn domestic life. We can not hope by the poor words we speak here to lighten the affliction which has fallen so suddenly upon those he loved. They have the consolation which comes from the knowledge that the American people bring to the grave of General Post the tribute of honor, which belongs to the soldier and statesman, and that his life was literally given to defend his country and render service to his fellow-men. We can only commend them to God and the word of His grace, and as we turn away from these memorial ceremonies to the stirring and arduous affairs in which we are engaged, we will often think and often speak of that interesting and picturesque figure in the public life of our time whose face we are to see no more among us.

Issue of Short-Term Certificates.

SPEECH OF HON. ARTHUR P. GORMAN, OF MARYLAND, IN THE SENATE OF THE UNITED STATES, Wednesday, February 27, 1895.

The Senate having under consideration the bill (H. R. 3518) making appropriations for sundry civil expenses of the Government for the fiscal year ending June 30, 1896, and for other purposes, the question being upon the following amendment reported from the Committee on Appropriations:

SEC. 2. That in order to provide the moneys not supplied from current revenues and miscellaneous receipts, and necessary for the execution of this act and necessary for the execution of any act, or all the other acts passed or to be passed during the present session of Congress appropriating money to be paid out of the Treasury for the fiscal year ending June 30, 1896, and also in order to provide the moneys necessary to be paid out of the Treasury on account of appropriations heretofore made for the fiscal years ending June 30, 1893, June 30, 1894, and June 30, 1895, and not covered into the Treasury, the Secretary of the Treasury, with the approval of the President, be, and is hereby, authorized to, from time to time, borrow on the credit of the United States such sums of money as may be necessary to meet said expenditures, and to issue, sell, and dispose of, at not less than par, for lawful money of the United States, such an amount of certificates of indebtedness, payable to the bearer, of the denominations of twenty, fifty, and one hundred dollars, or any multiple of \$100 not exceeding \$1,000, as may be needed for said purposes, bearing at the rate of not exceeding 3 per cent per annum, payable semi-annually, and redeemable at the pleasure of the United States after two years from their date; and the Secretary of the Treasury is hereby authorized, with the approval of the President, to cause such portion of said certificates as may be deemed expedient to be issued by the Treasurer in payment of warrants in favor of public creditors, or other persons lawfully entitled to payment, who may choose to receive such certificates in payment at par.

And the Secretary of the Treasury may, in his discretion, under rules and regulations to be prescribed by him, sell and dispose of the certificates herein authorized at designated depositories of the United States, and at such post-offices as he may select; and the Secretary shall use the moneys received for such certificates for the purposes herein prescribed, and for none other: *Provided*, That the total amount of such certificates shall not exceed \$100,000,000: *And provided further*, That the power to issue such certificates shall determine on the 1st day of July, 1896.

And hereafter any United States bonds sold or disposed of shall first be offered to the public for a period of not less than twenty days, under rules and regulations to be prescribed by the Secretary of the Treasury, and shall be sold to the highest bidder, in case such bids or any of them are satisfactory—

Mr. GORMAN said:

Mr. PRESIDENT: The point of order having been submitted to the Senate, naturally the main question comes upon the first vote, whether this proposition shall be considered, whether it is in order, whether it is proper, for this provision to be inserted upon an appropriation bill, and necessarily the merits of the question involved must be touched upon in the discussion. I hope to be very brief and simply to state the facts as the Committee on Appropriations understood them, which made it, in our judgment, necessary that such a provision should be inserted in an appropriation bill. It is well known that at this hour in the session, if relief is to be given to the Treasury, if additional authority to issue certificates of indebtedness is necessary to maintain the credit of the Government, the only possible way in which it can be done is on an appropriation bill.

I regret exceedingly, Mr. President, that it has become the duty of any of us to inaugurate and to suggest here any proposition of this kind. I regret exceedingly that such a proposition did not reach us from a coordinate branch on a separate measure early in the session, when it could have been deliberated upon and fully discussed.

As intimated by the Senator from Rhode Island [Mr. ALDRICH] and by the Chair, two years ago this identical question was before the Senate, as to whether it was proper to authorize the issu-

ing of bonds for the purpose of supplying deficiencies in the Treasury. It was held in that case, as will be seen by reference to the Journal of the Senate, that the Senate by a vote of 28 to 18 determined, as they had previously in years gone by, that it was perfectly legitimate, perfectly proper, to put such a provision upon an appropriation bill if the requirements of the Treasury demanded it. So much for that.

Mr. President, I trust that in the discussion of a question so simple as this we may be able to confine ourselves to the one question, the needs of the Treasury Department—whether it is absolutely necessary for the proper conduct of that Department to have the provision of law contained in this amendment. I know how difficult it will be to keep out of the discussion all of the questions involved in our financial policy which have been suggested and discussed in both Houses. Here, where debate is unlimited, I know it is going very far to make such an appeal, and yet I must appeal to the Senate to determine this question upon the one proposition.

Mr. WOLCOTT. Will the Senator permit me to ask him a question, which I do solely for information, he being a member of the Committee on Appropriations? Has not the Secretary of the Treasury advised the Senate that he does not need more money at this time?

Mr. GORMAN. If the Senator will only permit me in my crude way to go along and make my statement, I shall be indebted to him.

Mr. WOLCOTT. I shall do so with pleasure, but I hope before the Senator sits down he will answer my question.

Mr. GORMAN. I shall be very glad to do so; and that is the whole question involved.

Mr. WOLCOTT. Oh! I did not know that.

Mr. GORMAN. If we can by common consent take up in these closing hours of the session, in that spirit alone, the question as to whether it is necessary for the honor of the Government to maintain its credit and enable the Secretary of the Treasury to discharge his duty in such a way as not to trench upon the rights of anybody, I trust we may do it, and eliminate all question as to the kinds of currency we are to have. If that can not be done, as a matter of course the Senator from Colorado and other Senators who, after the facts are presented, do not believe that such a provision is necessary for the Treasury, will vote against the proposition. If there is a determination on the part of any number of Senators to take advantage of this opportunity to go into all the questions which are involved in our financial structure in the closing hours of the session, as a matter of course they must take the responsibility for preventing action and leaving the Treasury embarrassed, if it would be embarrassed without this provision.

Mr. President, as to the necessities of the Government—

Mr. VILAS. I wish to make a parliamentary inquiry.

The VICE-PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. VILAS. I wish to ask whether when the question of order is submitted to the Senate it opens for discussion the whole subject, which is only to be discussed if in order?

The VICE-PRESIDENT. It opens for discussion the question as to whether the point of order shall be sustained or overruled. That is the question now before the Senate. The Chair can not, however, limit Senators or indicate to them the line of argument they shall pursue.

Mr. TELLER. Mr. President, I should like to suggest to the Senator from Wisconsin [Mr. VILAS] that the Senator from Maryland [Mr. GORMAN] or any other Senator is at liberty to discuss any question he sees fit, there being no rule which will prevent the discussion of this or any other question when a Senator has the floor.

Mr. GRAY. Except the general parliamentary rule.

Mr. TELLER. There is no parliamentary rule which has been applied in this Chamber which requires a Senator's speech to be germane to the subject pending before the body.

Mr. GRAY. The parliamentary law is stated in Jefferson's Manual.

The VICE-PRESIDENT. The Chair has stated, in reply to the parliamentary inquiry of the Senator from Wisconsin, that the pending question, being the question of order, has been submitted to the Senate, but it is not for the Chair to indicate to Senators the line of argument they shall pursue in discussing the question. The Senator from Maryland [Mr. GORMAN] is entitled to the floor.

Mr. GORMAN. Mr. President, I have no desire to detain the Senate. If we could come to a vote on this question without discussion I would be content. That, however, can not be. Therefore, as a member of the Committee on Appropriations, which reported this proposition, I will briefly and frankly state, without reflecting upon anybody, what we believed to be the necessities for such a grant. That is the question, as I understand it, to be determined when we vote to consider this proposition.

There is, therefore, in my view, Mr. President, but one question involved in this matter. Is the Treasury in such condition

that it can provide for the wants of the Government under the present laws? Are the revenues of the Government up to this hour brought in by the existing laws sufficient to meet the appropriations made annually by Congress and the permanent appropriations?

Mr. President, if it should appear from the official reports of the Treasury that we have appropriated more money than can be supplied from the revenues of the Government, if it should appear that our actual expenditures are greater than our receipts, then I submit to the Senate we can not afford to adjourn until provision shall have been made to meet that deficiency, unless the Senate and the House of Representatives desire that bonds of the United States running for thirty years, at 4 per cent interest, or bonds of the United States running for ten years and bearing 5 per cent interest, shall be sold to meet the deficiency. I take it for granted that there is not a Senator upon this floor who would have the Government repudiate a single obligation or have a payment which ought to be made by the Government postponed because of the lack of revenue.

The Senate has asked the Secretary of the Treasury in various resolutions whether or not the revenues of the Government are equal to the expenditures; whether, in fact, it is necessary to give him further authority to meet the appropriations made by Congress. The Secretary has answered those inquiries. I am bound to say, sir, that the form of the answers that have been made is on its face somewhat misleading, and that those unfamiliar with the condition of affairs in the Treasury might draw the conclusion that there is a sufficient amount already provided to meet the demands on the Treasury. But I will try to give to the Senate the exact condition of the Treasury.

The Secretary of the Treasury states that on July 1, 1890, we had in the Treasury from revenue from all sources an actual balance available for the payment of debts of the Government of \$89,993,104.20. We began on that date with that amount. Every dollar that has been received into the Treasury, except the postal receipts, from June 30, 1890, to the 31st of December just past, 1894—that is to say, to the 1st day of January of this year—amounts to \$1,590,481,336.90. The expenditures—that is, the payments out of the Treasury during the same period—from June 30, 1890, to December 31, 1894, four years and a half, have been \$1,737,290,560.93, showing that the expenditures during that whole period have been \$146,809,224.03 more than the Treasury received from all sources. I speak of the actual expenditures and actual payments out of the Treasury. We expended—paid out—not only every dollar received from July 1, 1890, to December 31, 1894, but all of the \$89,993,104.20 on hand July 1, 1890, and \$56,816,119.83 more, every dollar of which was from the proceeds of the sale of bonds.

The statement in detail, which is taken from the books of the Department, is as follows:

Cash balance available for current expenses of the Government (excluding gold reserve), July 1, 1890.....	\$89,993,104.20
Revenues for fiscal year ending June 30, 1891.....	\$202,612,447.31
Revenues for fiscal year ending June 30, 1892.....	354,937,784.24
Revenues for fiscal year ending June 30, 1893.....	385,819,628.78
Revenues for fiscal year ending June 30, 1894.....	297,722,019.25
Revenues for six months ending December 31, 1894.....	159,389,457.32
Total available.....	1,590,481,336.90
Expenditures for fiscal year ending June 30, 1891.....	400,730,016.72
Expenditures for fiscal year ending June 30, 1892.....	382,597,510.56
Expenditures for fiscal year ending June 30, 1893.....	390,186,698.99
Expenditures for fiscal year ending June 30, 1894.....	367,746,867.03
Expenditures for six months ending December 31, 1894.....	186,979,467.63
Total expended.....	1,737,290,560.93
Expenditures in excess of revenues and available cash.....	56,816,119.83

The above statement of expenditures includes amounts paid for deficiencies in the postal revenues and amounts applied to the sinking fund. The deficiencies in the postal service being thus taken into the account on the expenditure side, it is unnecessary to add the revenue and expenditure to the totals on either side, as the balance of the expenditures are paid from the revenues of the Post-Office Department—one offsetting the other—and would not change the final result.

Excess of payments over receipts from June 30, 1890, to December 31, 1894 (four years and six months)..... \$146,809,224.03

Mr. President, the question arises whether that condition of affairs will continue during the next year. The Secretary of the Treasury in his answer to a resolution of the Senate has said that during the calendar year of 1895 he will have revenue enough to meet the expenses of the Government. That is misleading. The accounts are made up from July 1 to June 30. I shall demonstrate, I think, that the Secretary of the Treasury is entirely mistaken in that statement; that with all the revenues he will get this calendar year he will have a deficiency of over \$30,000,000 if he pays the

debts contracted or appropriations made; and for the fiscal year which ends June 30 next he will have a deficiency of from \$40,000,000 to \$60,000,000, unless he suspends payments on various accounts to a greater extent than heretofore. It is only by neglecting to audit or by postponing the payments that the deficiency can be kept within the limits I have named.

Mr. ALDRICH. Will the Senator from Maryland permit me? I understand him to state, as his opinion, that there will be a deficiency of \$60,000,000 in the present fiscal year, instead of a surplus of \$22,000,000, as is estimated by the Secretary of the Treasury.

Mr. GORMAN. For the fiscal year. But the Secretary of the Treasury does not estimate a surplus for the fiscal year. He estimates a deficiency of twenty-odd million dollars during the fiscal year.

Mr. ALDRICH. What is the estimate of the Senator from Maryland for the calendar year?

Mr. GORMAN. I say, taking the condition of the appropriations as they are to-day and the revenues—of course it is a guess from now until December next, but I will take the average for the past three or four years and the appropriations—that if the appropriations we are now making are met, if the obligations of the Government are discharged, there will be a deficiency of \$30,000,000 for the calendar year. But for the fiscal year there can be no question as to the deficiency. The Secretary admits that. But the Secretary of the Treasury, in the report to the Senate which is dated February 18, says:

The available cash balance in the Treasury at the close of business this day (18th of February, 1895), exclusive of gold reserve, is \$99,875,334.32.

Then he says:

It is not probable that such deficiencies will occur during the remainder of the current fiscal year as will exceed the available balance now on hand, and it is estimated that during the next fiscal year the receipts will exceed the expenditures.

It will be noted that this entire balance came directly from the sale of bonds. The Secretary thinks it is sufficient, with current revenues, to carry him through to July 1, 1895. If you count that balance and want to continue the process of selling bonds for gold and then permitting the holders of United States and Treasury notes to present them and draw the gold out, as the Secretary frankly says is done, and then turn the Treasury notes into the general accounts to pay the expenses of the Government, then of course there will be no necessity for the provision which we have reported. But I submit that it is not wise for Congress to adjourn without making some other and more advantageous provision, such as that now proposed, when the President of the United States, in his message to us, has frankly stated that if the emergency arises he will continue to sell those bonds. It is too expensive; it is piling up the public debt in a form that is distasteful to the people of the country. I do not criticize the President for his action in the past. I have not one word to say in regard to it except what I have said heretofore, that the honor and the credit of the Government must be maintained; and if Congress refuses or fails to provide sufficient money otherwise, and we proceed under the construction of law given by the Department and by the President, which I think is a mistaken one, not warranted by the act of 1875, but which is one that has been acted upon and one that the President declares to Congress he will continue to act upon, then the responsibility will be upon us. I wish to change that policy, Mr. President; I wish to make provision in this matter for a certificate of indebtedness, running only for two years, redeemable at the option of the Government, so that there can be no excuse hereafter for the Department to sell bonds running ten or twenty years or thirty years.

Mr. PLATT. As the Senator from Maryland is going on, will he at some time state, if he can, the amount of the surplus now in the Treasury, which we all know is the result of borrowing money? But there is some surplus in the Treasury.

Mr. ALDRICH. That depends in some degree upon the extent of the reserve fund, of course.

Mr. GRAY. The Secretary of the Treasury, in his letter of February 18, states the amount up to that date.

Mr. DANIEL. Will the Senator from Maryland allow me to ask him a question somewhat in extension of that of the Senator from Connecticut?

Mr. GORMAN. Certainly.

Mr. DANIEL. How much of the money realized from the sales of bonds has been used for current expenses?

Mr. GORMAN. I will answer the Senator from Virginia with great pleasure. In the reply of the Secretary of the Treasury, which I said was so involved that it would take an accountant to understand it, he says what I will read, so that there shall be no mistake about it. On page 4 of the communication, if the Senator will refer to Executive Document No. 73, he will see that the Secretary says, in answer to the resolution of inquiry of the Senate as to the balance of cash in the Treasury on December 31, 1894, that is, last December—the balance of cash in the Treasury on

December 31, 1894, available for the current expenses of the Government, but not including the gold reserve fund, was \$106,375,740.55.

This is the statement of the Secretary of the Treasury to the Senate of the actual amount of money on hand, which included everything—ordinary receipts and the amount of greenbacks that he had redeemed in gold—placed in that fund.

This statement is misleading. It is not true to the extent that against that were thirty-odd million dollars in the shape of checks and drafts which had gone out and were in the hands of paymasters and others. So the actual balance which the Secretary had on that day available for all classes of expenditures, as shown in his statement to me later, was \$67,093,134.99. On the 1st day of January of this year we had only \$67,093,134.99 in the Treasury available—

Mr. CAREY. Including gold?

Mr. GORMAN. No, sir; exclusive of gold; available for current expenses to meet appropriations by Congress—including everything he had in the Treasury except the amount of gold that was there to redeem greenbacks.

Mr. GRAY. May I ask the Senator from Maryland where he finds the deduction on account of checks in the hands of disbursing agents that is to be taken from the balance of \$106,375,000 which the Secretary of the Treasury gives as the cash balance on December 31, 1894?

Mr. GORMAN. If the Senator from Delaware will send for the statement of the Secretary of the Treasury made on the first day of every month, if he has it not before him, he will find the exact amount. I will hand the Senator the statement, if he has not one.

Mr. GRAY. But how does that qualify the statement made by the Secretary of the Treasury that on December 31, 1894, that was the actual cash balance?

Mr. GORMAN. I am trying to explain to the Senator that the statement was made up by some official in the Department, showing the exact amount the Treasury had on hand without taking into account the checks and the drafts that had been given and were outstanding. Therefore it is misleading. The statement of the Secretary of the Treasury, which was made on the 1st day of January of this year, gives the correct, the exact amount.

Mr. GRAY. That is what I want to get.

Mr. GORMAN. As soon as I discovered this statement in the report to the Senate I went to the Treasury Department and said, "This statement is misleading; it is not accurate, or else your regular statement made on the 1st day of January is incorrect." When they went to the books and went over them they said, "Certainly; the correct balance is \$67,093,134.99, and not \$106,375,740.55, as reported to the Senate."

Mr. GRAY. That is the statement I wish to see.

Mr. GORMAN. I will send and get one for the Senator if he desires it. It is the statement of December 31.

Mr. STEWART. I should like to call attention to the statement of February 18, 1895, wherein the Secretary of the Treasury says he has a cash balance of \$99,875,284.33, exclusive of \$55,101,704.63 of gold reserve.

Mr. GORMAN. That is the statement to which I referred a few moments since. Will the Senator permit me to go on with the monthly and yearly statements? I will come later to what he refers to. I will read first the figures, so that the Senator from Delaware can ascertain them for himself. On the first day of each month the Secretary of the Treasury makes an actual statement from the books of the Treasury, and he reported there that the net cash on hand was \$67,093,134.99. That is the actual money on hand available for ordinary expenditures. His subordinates—some of the new ones, I do not know who—in answering the resolution of the Senate failed to deduct from that the checks that had already been passed away or given out. That was misleading. There is no hesitation on the part of the Secretary of the Treasury, and no question, that instead of its being \$106,000,000 it is \$67,000,000. The Senator can look over the statement if he desires. There is no question about it. Nobody doubts it. That is a difference of thirty-odd million dollars, to begin with.

But the Secretary of the Treasury estimates that the revenue from now on will be sufficient to meet the ordinary disbursements, provided he uses the balance in the Treasury that he has received in the shape of greenbacks for which he has paid gold. In that I think he is mistaken. We do not believe that if we permit him to use every dollar in the Treasury so received, giving the most liberal estimate for all the possible revenue from now until July, 1895, he will have enough money to meet the current expenses of the Government by \$60,000,000, taking into account the amount that is due on account of former appropriations, a part of which must be paid. The Secretary of the Treasury has great power in the way of suspending payment on any account which has been appropriated for by Congress.

Up to this date the balance unexpended, other than the sinking fund, is about \$105,449,301.59, that has been appropriated by Con-

gress, and the sinking fund, \$150,506,888.35, making a total of \$255,955,089.94, which is available for expenditure.

But, deducting the sinking fund, there is over \$100,000,000 owing now for public buildings, for rivers and harbors, on account of the Navy, and on account of the other appropriations made. As a matter of course if you suspend payment, refuse to pay your debts, paralyze all these enterprises and works which Congress has determined are necessary, there may be a forced balance in the Treasury in 1896. But it will be simply by piling up your debt obligations to the extent of sixty or eighty million dollars more.

The Secretary of the Treasury has estimated—I will give his figures, because I received them from the Department (the Senator from Missouri [Mr. Vest] has stated what he understood to be the case, which turned out to be accurate, and the Senator's statement was accurate as to what the Secretary said)—that for this calendar year, with which we are dealing now, he would receive in revenues from customs \$174,000,000 (I do not give the odd figures), from internal revenue \$190,000,000, and from miscellaneous receipts \$15,000,000; that his whole receipts during the year would be \$380,000,000. That is, from last January to next January. He estimated that his expenditures during the same period would be \$358,000,000. That is the full estimate; all they can guess will be received. The question is whether that is a fair estimate of his receipts. If it is, then that item would be correct.

The estimate of the Secretary is as follows:

TREASURY DEPARTMENT, February 21, 1895.

SIR: In reply to your communication of the 19th instant I have the honor to state that the items of estimated revenue and expenditure during the calendar year beginning January 1, 1895, and ending December 31, 1895, both inclusive, are as follows:

Revenue—	
Customs	\$174,335,070
Internal revenue	190,850,230
Miscellaneous	15,455,659
Total	380,640,959
Expenditures—	
Civil and miscellaneous	90,697,530
War	52,075,000
Navy	32,930,000
Indians	11,805,000
Pensions	139,540,000
Interest	31,000,000
Total	368,047,530

This is the estimate upon which the Secretary's response to Senate resolution of January 23, 1895, was based.

Respectfully, yours,

J. G. CARLISLE, Secretary.

Hon. A. P. GORMAN,
United States Senate.

If any Senator will take up the receipts in the last three years and will average them per month he will find that that estimate of receipts is \$25,000,000 greater for the whole year than it has averaged in the months we have already passed. There is some reason to believe that the revenues will increase, that there will be a very considerable increase after July and until December 31. But it is not safe to estimate such a decided increase as the Secretary hopes to have.

But take it on the other hand. He says the expenditures will be \$358,000,000. Let us see what the expenditures actually are and what is appropriated for. Now, remember that the Secretary's estimates for expenditures are only \$358,000,000. The appropriations for the fiscal year from July, 1891, to July, 1892, were \$385,736,308.71 and the permanent appropriations were \$121,863,880; making the whole appropriation for that year \$507,600,188.71. A part of the permanent appropriation is the sinking fund, which they can ignore, that is about \$49,000,000, making the amount to be provided for about \$460,000,000. For the fiscal year of 1894 and 1895 the total appropriations were \$492,230,685.03.

Now I come to this year's appropriations, which we are making now for the fiscal year beginning July 1, 1895, and ending June 30, 1896. The bills which have passed the other House already amount to \$374,170,111.61. Add to this amount the increases we must make and the permanent appropriations, and they will be about \$490,000,000.

I will insert in this connection a statement of the appropriations for several years past and an estimate as to the appropriations for the approaching fiscal year:

Appropriations for the fiscal year 1891 and 1892.

Regular appropriations	\$385,736,308.71
Permanent appropriations	121,863,880.00
Total	507,600,188.71

Appropriations for the fiscal year 1894 and 1895.

Regular appropriations	\$391,156,005.03
Permanent appropriations	101,074,680.00
Total	492,230,685.03

Appropriations for the fiscal year 1895 and 1896.

The bills that have passed the House of Representatives so far, not including miscellaneous appropriations, but only the regular appropriations, amount to.....	\$374,170,111.51
It is perfectly safe to say that the additions in the Senate that have been and will be made will exceed.....	20,000,000.00
Making the total appropriations by the regular appropriation bills at this session about.....	390,000,000.00
Add the permanent appropriations for this fiscal year.....	113,073,956.00
And the total will be about.....	500,000,000.00
Which includes the sinking fund, of about.....	49,000,000.00
Deduct the sinking fund and the amount to be provided for it, in round numbers.....	450,000,000.00
As against the Secretary's estimate of.....	358,047,520.00
Or a difference of about.....	91,000,000.00

Mr. President, if the Secretary of the Treasury, in the light of what is being passed here now, were to revise that estimate, he would have to admit that the figures which I have given are correct. The truth is—and I have the highest regard for the Secretary of the Treasury—one year ago he made an estimate (or his subordinates made one to which he agreed) of the revenues and the expenditures of the Government, and he made a mistake on the wrong side of about \$60,000,000. The Treasury officials have been adhering to that mistake in all official communications which have been made, when the fact stares them in the face that day by day, as the daily report shows, they are running behind in receipts and that the payments exceed his estimate. That the receipts will increase when business resumes its normal condition I believe as firmly as does the Senator from Indiana [Mr. VOORHEES] who reported the revenue bill last session. I believe the revenue act will give a surplus of from forty to fifty million dollars per annum under normal conditions of trade, but it can not do it in this year; it will not do it in the first six months or the next year. There is the deficiency. It stares you in the face with \$100,000,000 appropriated prior to the year 1895 that has not been paid, and with the proceeds of bonds sold to pay current expenditures.

I appeal to Senators whether it is wise or patriotic for us to permit Congress to adjourn without making some provision which will meet this deficiency, which will make it impolitic, unwise, yea, Mr. President, impossible, for any executive officer to sell ten or thirty year bonds and to continue to pay current expenses from the proceeds of such sales of bonds.

Mr. GEORGE. Will the Senator allow me to ask him a question?

Mr. GORMAN. Certainly.

Mr. GEORGE. What is the objection to requiring the Secretary of the Treasury to coin the seigniorage in the Treasury?

Mr. GORMAN. I have just said—I think the Senator was not present—that I trust we will be able to settle this question purely of deficiency in the Treasury, and I appealed, as far as I could, to every Senator to abandon for the time being all the theories and ideas as to the character and kind of currency, but simply to provide a certificate that shall be redeemable within two years at the option of the Government, that being the only thing we can do in these expiring hours of Congress so as to prevent the sale of gold bonds hereafter. That is the point.

Mr. GEORGE. It seems to me to be very bad economy to borrow money when we have it already in the Treasury if we would just coin it.

Mr. GORMAN. Oh, the Senator knows that would open up the whole question of silver and gold. Now, what would be the result if this proposition should be adopted? I have in my hand, which I will publish in full in the RECORD, a statement from the Treasurer of the United States showing the exact operation of this matter of the sale of bonds and how the plan now proposed would have saved any necessity for the last issue of bonds.

TREASURY DEPARTMENT, OFFICE OF THE TREASURER,
Washington, D. C., February 25, 1895.

SIR: In compliance with your oral request, I have the honor to submit the following statement of the receipts and disbursements of gold and United States notes and Treasury notes from July 1, 1892, to December 31, 1894. For convenience of comparison with statements previously furnished the time is divided into periods of six months:

	Gold.	Notes.
On hand July 1, 1892.....	\$114,342,366	\$8,096,590
Received during 6 months ending Dec. 31, 1892:		
For gold.....	30,908,201	
For notes.....		28,341,343
For other money.....	4,509,861	
From surplus revenues.....	5,071,283	
During 6 months ending June 30, 1893:		
For gold.....	71,102,144	
For notes.....		45,380,895
During 6 months ending Dec. 31, 1893:		
For gold.....	5,454,146	
During 6 months ending June 30, 1894:		
For gold.....	70,388,004	
For notes.....		4,708,744
From sale of bonds.....	58,680,684	

	Gold.	Notes.
Received during 6 months ending Dec. 31, 1894:		
For gold.....	\$25,008,923	\$22,357,100
For notes.....	58,719,598	
From sale of bonds.....		
Total.....	344,683,707	257,996,185
Paid out during 6 months ending Dec. 31, 1892:		
For gold.....	30,908,201	28,341,343
For notes.....		
During 6 months ending June 30, 1893:		
For gold.....	71,102,144	45,380,895
For notes.....		6,872,539
For other money.....		9,863,287
During 6 months ending Dec. 31, 1893:		
For notes.....	5,454,146	1,550,188
For other money.....		18,019,738
For expenses.....	9,139,667	
During 6 months ending June 30, 1894:		
For gold.....	70,388,004	4,708,744
For notes.....		11,427,244
For other money.....		32,775,049
For expenses.....		
During 6 months ending Dec. 31, 1894:		
For gold.....		25,008,923
For notes.....	62,357,100	
For expenses.....		10,760,122
Total.....	258,439,262	194,712,077
On hand Dec. 31, 1894.....	86,244,445	63,284,108

Summarized, this statement shows the following net results:

	Gold.	Notes.
On hand July 1, 1892.....	\$114,342,366	\$8,096,590
Received—		
For gold.....	108,379,910	240,290,265
For notes.....	4,509,861	
For other money.....	5,071,283	
From surplus revenues.....	117,380,283	
From sale of bonds.....		
Total.....	344,683,707	257,996,185
Paid out—		
For gold.....		103,379,910
For notes.....	240,290,265	
For other money.....	9,139,667	19,919,971
For expenses.....		71,412,196
Total.....	258,439,262	194,712,077
On hand Dec. 31, 1894.....	86,244,445	63,284,108

From the foregoing it appears that out of \$249,290,505 of notes received for gold the sum of \$19,919,971 was afterwards paid out for other kinds of money and \$71,412,196 was applied to current expenses. Of the \$19,919,971 of other moneys so acquired, however, the sum of \$14,522,514 was also paid out during the six months ending December 31, 1894, for current expenses. The total application of the gold fund to expenses was therefore as follows:

Coin.....	\$9,139,667
Redeemed notes.....	71,412,196
Other moneys received for redeemed notes.....	14,522,514
Total.....	95,074,377

Hence the statement of the receipts and disbursements on account of the gold fund, in the simplest form, is as follows:

On hand July 1, 1892.....	\$114,342,366
Received—	
For notes and other money.....	107,889,771
From surplus revenues.....	5,071,283
From sale of bonds.....	117,380,283
Total.....	344,683,707
Paid out—	
For notes and other money.....	163,384,865
For expenses.....	95,074,377
Total.....	258,439,262
On hand December 31, 1894.....	86,244,445

You will observe that the receipts of \$5,071,283 from surplus revenues were confined to the six months ending December 31, 1892. The \$95,074,377 applied from the gold fund to current expenses, during the two years ending December 31, 1894, increased by the sum of \$9,927,766 so applied during January, 1895, makes a total of \$105,002,143 for the twenty-five months, as stated in the first part of the Secretary of the Treasury's reply to the Senate resolution dated January 31, 1895.

Respectfully, yours,

D. N. MORGAN,
Treasurer United States.

Hon. A. P. GORMAN, United States Senate.

For the two purchases of bonds that were made prior to the last, the \$100,000,000, for which \$117,000,000 was received into the Treasury, the gold was all drawn out by bankers and others, who presented greenbacks or Treasury notes for redemption. During the period included in the last twenty-five months, when the Treasury authorities had sufficient money that they could use as a

utilize, they took the same greenbacks for which the bankers and others had demanded gold, went out into the open market, presented them, and received gold for them to the amount of \$107,000,000. It is completely demonstrated that if they had had in the last twenty-five months a surplus of money in the Treasury, greenbacks and Treasury notes and bank notes or silver notes, the credit of the Government was so perfect that the Secretary of the Treasury could have had all the gold he wanted in exchange for these noninterest-bearing notes. Nobody questions it who looks at the Treasury statements.

There is not a man who has had years of experience in the Treasury who does not know that what I now state is true. There is not a man who is familiar with the operations of the Treasury who does not know that from the date of resumption under the distinguished Senator from Ohio [Mr. SHERMAN] the credit of the Government has been so good, the knowledge of the people so perfect that every obligation would be redeemed in money of equal value with that of any other, that you could go and get gold for Treasury notes.

Mr. President, just prior to the first Administration of President Cleveland the public became somewhat alarmed, as they have been in the last six months. A run was made upon the Treasury for gold, and the then Secretary of the Treasury, a very great man, Mr. McCulloch, became alarmed, as others since have become nervous. He thought we were going upon a silver basis, that his gold was disappearing. I read a telegram in the Senate nearly eight years ago from that distinguished Secretary to the sub-treasurer in New York, stating that we would be upon a silver basis in thirty days.

But President Cleveland came into power, and he had a grand, courageous man for Secretary of the Treasury. He had in the Treasury over \$200,000,000 of greenbacks and Treasury notes; and what did he do? He went over to New York and said to the men who had made a corner against the Treasury gold, as they made it recently, "You may precipitate a panic. The Government is strong; the Government can stand a panic; but you will have the panic if you continue to embarrass the Government as you have done." He had greenbacks, he had Treasury notes, and he had silver dollars which he could use for the purpose of teaching them a lesson. He said, "Here are \$20,000,000 in round silver dollars, not certificates. Give me your gold for it and stop this raid upon the Treasury, or else you shall have the panic." And they agreed to give him \$20,000,000 of gold for the \$20,000,000 of silver. The transaction was not completed, because there was no necessity for it; gold came rolling back into the Treasury, and the panic was passed.

Mr. GEORGE. Why not treat them the same way now?

Mr. GORMAN. Ah, Mr. President, the Senator must not put such a question to me.

Mr. GEORGE. Why?

Mr. GORMAN. I am dealing with the condition as it stands now. You have no money in your Treasury as you had then, and that is the point of my remarks. Secretary Carlisle came into the Department stripped of the power to do as Secretary Manning had done. I know from my own personal knowledge that he tried to do it; that he proclaimed to the world he intended to do it. His desire was in that direction; but when he came to look at his coffers he found he was unlike Mr. Manning; that he had no balance to pay his current debts with. He was helpless. I want to relieve him. I appeal to the Senator from Mississippi now to give him this authority to the extent of \$100,000,000, so that he may say to them from now henceforth, "You can not embarrass the Government. Our credit is perfect. We have the money that the people will take. We have the right to issue certificates of \$20 and up to \$500, which any patriotic citizen will take. I am master of the situation. The Government of the United States shall not be at the mercy of a few powerful banks."

Mr. GEORGE. I understand the Secretary of the Treasury does not want any of these certificates; that he has plenty of money. That is his statement. The Senator from Maryland seems to treat the Secretary of the Treasury as a sort of a ward, as though we are his guardians here to take care of him. I understand the Secretary says he has money enough.

Mr. GORMAN. Mr. President, I do not understand the Secretary to say so, and I challenge the Senator from Mississippi or any other Senator to produce the evidence that he has ever said so. It is not in existence, so far as I know.

Mr. President, I am not the guardian of the Secretary of the Treasury, but as a Senator on this floor I am the servant of a portion of the people of the United States. I represent a people who would not permit me to remain here if I did not advocate the payment of every just obligation of the Government. I stand here, Mr. President, to do what I think to be right to maintain the integrity of the Government in every way and to prevent the sale of bonds running for a long term of years.

Mr. VOORHEES. I know the Senator from Maryland does not intend to do anybody an injustice.

Mr. GORMAN. No; I would not.

Mr. VOORHEES. Certainly not the Secretary of the Treasury.

Mr. GORMAN. Oh, no; certainly not.

Mr. VOORHEES. I think it proper and right in this connection in his remarks to have stated what the Secretary of the Treasury has said on this subject. In a communication to the Finance Committee he stated that he thought, as he has heretofore said, he ought to have the general authority to issue Government securities to aid the Treasury in case of a deficiency, but that he would not exercise the power now if given to him, because he said it was not necessary.

Mr. VILAS. Will the Senator from Indiana permit me to call attention to the exact language in the communication of the Secretary of the Treasury to the President of the Senate under date of the 18th of February?

Mr. VOORHEES. Certainly.

Mr. VILAS. After stating that there was in the Treasury on the 18th of February, exclusive of the \$55,000,000 gold reserve, nearly \$100,000,000, "as shown by the inclosed statement," the Secretary of the Treasury says:

It is my opinion that the Secretary of the Treasury ought to be permanently invested with authority to issue and sell short-time bonds or other obligations of the Government for the purpose of raising money to meet such deficiencies in the ordinary revenues as may occur from time to time; but I do not think that there is any necessity at the present time for the exercise of such authority if it existed. It is not probable that such deficiencies will occur during the remainder of the current fiscal year as will exceed the available balance now on hand, and it is estimated that during the next fiscal year the receipts will exceed the expenditures.

Mr. VOORHEES. I am very much obliged to the Senator from Wisconsin. That is the communication I referred to.

Mr. CULLOM. If the chairman of the Committee on Finance has an official letter from the Secretary of the Treasury stating exactly what the condition of the Treasury is and what he wants, I should like to have it put in the RECORD.

Mr. GRAY. That is the letter referred to.

Mr. VOORHEES. The Senator from Wisconsin has read the letter from the Secretary of the Treasury to which I alluded.

Mr. CULLOM. The Senator from Wisconsin read only an extract from it, I understand.

Mr. VILAS. I read substantially all of it.

Mr. VOORHEES. It is not a long letter. I want to supplement that statement by simply observing, what we all remember, that the President of the United States has assured us that he has a comfortable surplus on hand and he was not clamoring for such legislation as this.

Mr. GEORGE. "Comfortable" there meant "plenty."

Mr. VOORHEES. "Plenty."

Mr. GORMAN. The Senator from Indiana and the Senator from Wisconsin will please take note of the fact that the Secretary says: "It is my opinion that the Secretary of the Treasury ought to be permanently invested with authority to issue and sell short-time bonds or other obligations of the Government for the purpose of raising money to meet such deficiencies in the ordinary revenues as may occur from time to time." There is an express declaration that a provision such as we propose is wise and ought to be granted. There can be no question as to the correctness of that opinion.

It is true that the Secretary further adds: "But I do not think there is any necessity at the present time for the exercise of such authority, if it existed." That may be, Mr. President; but the Senators who are pressing this proposition must remember that with all the deficiencies that have occurred in the revenues, amounting already to over \$100,000,000, neither the President nor the Secretary has ever called the attention of Congress to such deficiencies and asked for such relief as is now proposed. This is the first communication from the Secretary of the Treasury, brought out, it is true, in reply to a resolution of the Senate, in which he suggests short-time bonds instead of the use and sale of ten and thirty year bonds. And the authority ought to be given to him, and I am amazed that Senators oppose it on the ground that the Secretary does not desire the enactment.

Mr. STEWART. I also call the attention of the Senator from Maryland to the fact that the \$100,000,000, in round numbers, was exclusive, the Secretary states, of the \$55,000,000 then in the Treasury; but under the sale of bonds, the President tells us, and we know it to be a fact, enough money will come in on the bonds already sold to make the reserve over \$100,000,000; and then he will have \$100,000,000 of available funds for current expenses and \$100,000,000 in the Treasury.

Mr. CAREY. The Senator from Maryland is familiar with the reply of February 18 made by the Secretary of the Treasury to the inquiry of the Senate. He states that there were \$99,000,000 in the Treasury exclusive of the gold reserve. Will the Senator state, if he knows, what amount of checks and certificates are out against the \$99,000,000?

Mr. GORMAN. I am dealing with the statements by calendar years and for the six months from July 1 to December 31, 1894.

I am not unaware of the letter of the Secretary of the Treasury, which the Senator from Wisconsin read, nor am I unmindful of the statement of the President of the United States in his recent message communicated to the Senate of the United States, which is Executive Document No. 257 of the present session, dated January 28, 1895.

There need be no fear—

Says the President—

that we can not pay our current expenses with such money as we have.

Now mark it, "with such money as we have."

There is now in the Treasury a comfortable surplus of more than \$63,000,000, but it is not in gold, and therefore does not meet our difficulty.

But every dollar of it was a part of the proceeds of the sale of the bonds. The Treasury notes were presented and redeemed in gold, and his entire balance was from the sale of bonds. Not in gold. No, Mr. President. The act of 1875 that authorized the issue of these bonds provided for keeping up the gold reserve alone. It was intended for the purpose of keeping up the gold reserve alone; but it was afterwards construed, and stated by the Secretary frankly, that after he had thus bought his gold and I took my greenbacks there and presented them he gave me the gold back for them and then put my greenbacks into his general receipts. That never was in contemplation.

Now, I am not criticising the President or the Secretary of the Treasury. On the contrary, I have said over and over again, and I desire to repeat it, that under the circumstances there was nothing else for them to do. The credit of the Government had to be maintained. What I do say is that Congress, in my judgment, would be recreant to the duty they owe the people of the country if they did not give the President and the Secretary of the Treasury power to issue certificates of two years, bearing 3 per cent interest, to let the Secretary of the Treasury meet any emergency of the Treasury Department. We do not direct him to dispose of them. I have that confidence in every President and every Secretary which leads me to believe that they would not abuse a trust of this sort and dispose of them if it were not necessary; but we ought to give the power to them.

Then, Mr. President, we ought to say to them, and I will, so far as I can, publicly and privately, that "Having given you this power there will be no necessity for you to sell thirty-year bonds hereafter, and the people of the country will not sustain you if you do it." But if Congress fails to give this power, then, as the President has said to you, he will continue the sale of bonds. Who can complain of him hereafter if there is a failure here and now? Senators who are on more intimate terms than I am and may know more of the personal views of the Executive may have some intimation that this is distasteful to the Administration. That would not control me, because my view is that I must represent the interests of the people of the country as I understand them. I would not desire to force upon a coordinate branch any power that they did not want, unless in my judgment it was absolutely necessary to protect the taxpayer. I can not, with my view, permit the session to close without making the effort to give some such power as will save a repetition of the transactions of the past. I refer to all three sales of long-year bonds.

Now, Mr. President—

Mr. GRAY. Before the Senator leaves the general discussion of the resources of the Treasury and its present condition, which is so interesting to the people of this country, will he explain how it is that January 1, 1895, the available cash balance was about \$67,000,000, after making the deductions which I admit ought to be made, the checks in the hands of disbursing agents, and that February 18, by the statement of the Secretary of the Treasury, there was an available cash balance, exclusive of gold reserve, of \$99,000,000, and there has been about that available cash balance from that day to this?

Mr. GORMAN. Yes; I can explain it to the Senator.

Mr. GRAY. How can the Senator explain it except by the improving condition of the Treasury?

Mr. GORMAN. Not at all. I can explain it to the Senator, and when he reads the RECORD he will find the figures all here from the Treasurer of the United States. There was some small increase in the current revenue, which I say is going on to increase under the present law, but not enough to meet the wants until a year hence in my judgment. But the difference in the cash that he names there is just the precise point I have stated. They came down here and bought 5 per cent bonds and paid gold for them. Then when they were about to induce another sale of bonds they came in with greenbacks and drew the gold out, drawing out \$70,000,000 within two or three months. They handed the Secretary of the Treasury greenbacks, and he turned them over to the other side of the counter and counted them as so much cash in the Treasury.

Mr. GRAY. From an analysis of the figures given on the back of the letter of February 18 I do not find those figures sustained.

Mr. GORMAN. Let me show the Senator.

Mr. GRAY. There is undoubtedly an increase in greenbacks

by reason of their having been redeemed in gold and held by the Secretary of the Treasury for current purposes.

Mr. GORMAN. For the six months ending June 30, 1894, which covers the period the Senator talks about, \$79,000,000 of notes were received for gold. In the six months ending December 30, 1894, the very period the Senator is talking about, they brought in \$62,337,100 in greenbacks or Treasury notes and took the gold out of the Treasury; and the Secretary under his rule turned it over into the cash book and said, "I will count this as surplus." That is the whole point in the case. The Treasury has been maintained. It would have represented \$117,000,000 more of debt than it has but for that gold transaction.

At this point I submit Treasury statements showing the condition of the Treasury from July 1, 1884, to January 1, 1895:

Condition of the Treasury from July 1, 1884, to January 1, 1895.

Cash balance July 1, 1884	\$161,306,577.18	
Receipts to March 1, 1885	214,732,476.33	
		\$376,120,053.51
Ordinary expenditures, July 1, 1884, to March 1, 1885	173,399,196.29	
Redemption of debt, July 1, 1884, to March 1, 1885	44,681,704.64	
		218,080,900.93
Balance March 1, 1885		158,048,152.58
Cash in Treasury as per debt statement		159,356,506.41
Cash balance, March 1, 1885	159,356,506.41	
Receipts to July 1, 1885	100,340,743.88	
		268,097,250.29
Ordinary expenditures, March 1, 1885, to July 1, 1885	87,820,746.31	
Redemption of debt, March 1, 1885, to July 1, 1885	1,362,780.79	
		89,123,527.10
Balance July 1, 1885		179,573,723.19
Cash in Treasury as per debt statement		178,602,643.23
Cash balance July 1, 1885	178,602,643.23	
Receipts fiscal year 1886	396,439,727.06	
		515,042,370.29
Ordinary expenditures fiscal year 1886	242,483,138.50	
Redemption of debt fiscal year 1886	44,543,993.36	
		287,027,131.86
Balance June 30, 1886		228,015,238.43
Cash in Treasury as per debt statement		227,205,253.34
Cash balance July 1, 1886	227,205,253.34	
Receipts fiscal year 1887	371,403,277.06	
		598,668,531.00
Ordinary expenses fiscal year 1887	267,932,179.97	
Redemption of debt fiscal year 1887	127,918,468.15	
		395,850,648.12
Balance June 30, 1887		202,817,882.88
Cash in Treasury as per debt statement		206,323,950.21
Cash balance July 1, 1887	206,323,950.21	
Receipts fiscal year 1888	379,206,074.76	
		585,530,024.97
Ordinary expenditures fiscal year 1888	267,924,801.13	
Redemption of debt fiscal year 1888	74,813,563.05	
		342,738,364.18
Balance June 30, 1888		242,851,660.79
Cash in Treasury as per debt statement		243,674,167.85
Cash balance July 1, 1888	243,674,167.85	
Receipts to March 1, 1889	255,210,423.38	
		498,884,591.23
Ordinary expenditures, July 1, 1888, to March 1, 1889	222,434,625.25	
Redemption of debt, July 1, 1888, to March 1, 1889	92,869,643.85	
		315,304,269.10
Balance March 1, 1889		183,580,322.13
Cash in Treasury as per debt statement		183,827,190.29
Cash balance March 1, 1889	183,827,190.29	
Receipts to July 1, 1889	129,662,280.40	
		313,489,470.69
Ordinary expenditures, March 1, 1889, to July 1, 1889	77,265,088.00	
Redemption of debt, March 1, 1889, to July 1, 1889	28,389,794.50	
		105,654,882.50
Balance July 1, 1889		207,834,588.19
Cash in Treasury as per debt statement		209,479,874.01
Cash balance July 1, 1889	209,479,874.01	
Receipts fiscal year 1890	403,080,082.63	
		612,560,956.64
Ordinary expenditures fiscal year 1890	318,040,710.66	
Redemption of debt fiscal year 1890	104,642,149.50	
		422,682,860.16
Balance June 30, 1890		189,877,996.48
Cash in Treasury as per debt statement		189,993,104.20

Condition of the Treasury from July 1, 1891, to January 1, 1895—Continued.

Cash balance July 1, 1890.....	\$189,903,104.20	
Receipts fiscal year 1891.....	362,612,447.81	
National-bank fund deposited fiscal year 1891.....	63,571,690.75	\$646,177,242.26
Ordinary expenditures fiscal year 1891.....	365,773,905.35	
Redemption of debt fiscal year 1891.....	100,889,306.37	
National-bank notes redeemed fiscal year 1891.....	23,553,296.50	400,916,510.22
Balance June 30, 1891.....		155,800,732.04
Cash in Treasury as per debt statement.....		153,893,806.53
Cash balance July 1, 1891.....	153,893,806.53	
Receipts fiscal year 1892.....	354,937,784.24	
National-bank fund deposited fiscal year 1892.....	2,977,838.00	511,800,431.07
Ordinary expenditures fiscal year 1892.....	345,023,330.58	
Redemption of debt fiscal year 1892.....	24,332,836.98	
National-bank notes redeemed fiscal year 1892.....	16,232,721.00	365,588,888.56
Balance June 30, 1892.....		126,290,542.51
Cash in Treasury as per debt statement.....		126,692,377.03
Cash balance July 1, 1892.....	126,692,377.03	
Receipts fiscal year 1893.....	385,818,628.78	
National-bank fund deposited fiscal year 1893.....	2,937,580.00	515,448,585.81
Ordinary expenditures fiscal year 1893.....	383,477,954.49	
Redemption of debt fiscal year 1893.....	687,003.00	
National-bank notes redeemed fiscal year 1893.....	9,037,651.50	393,202,606.99
Balance June 30, 1893.....		122,245,976.82
Cash in Treasury as per debt statement.....		122,462,290.38
Cash balance July 1, 1893.....	122,462,290.38	
Receipts fiscal year 1894.....	297,772,319.25	
National-bank fund deposited fiscal year 1894.....	16,537,783.50	495,455,368.84
Receipts from sale of 5 per cent bonds.....	59,693,295.71	
Ordinary expenditures fiscal year 1894.....	307,525,279.83	
National-bank notes redeemed fiscal year 1894.....	10,929,535.75	378,454,815.58
Balance June 30, 1894.....		117,000,573.26
Cash in Treasury as per debt statement.....		117,584,436.13
Cash balance July 1, 1894.....	117,584,436.13	
Receipts to January 1, 1895.....	159,389,457.32	
National-bank fund deposited to January 1, 1895.....	8,666,755.00	
Receipts from sale of 5 per cent bonds.....	58,538,500.00	344,179,148.45
Ordinary expenditures to January 1, 1895.....	186,953,922.63	
National-bank notes redeemed to January 1, 1895.....	5,422,991.00	192,376,913.63
Balance January 1, 1895.....		151,802,234.82
Cash in Treasury as per debt statement.....		153,337,579.99

This statement includes gold and available cash.

NOTE.—Many deposits of cash included in the cash balance in the Treasury are not taken into the receipts of the Government until adjustments of accounts are reached and the amounts finally covered into the Treasury by warrants. This will explain the difference between the receipts and expenditures as shown in this statement, and the cash balance as shown by the public debt statement.

The amount of debt annually required to be redeemed on the sinking-fund account aggregates about \$49,000,000. The amount redeemed for the fund for the fiscal year 1892 fell short of the requirement by \$11,397,825.36, and for the fiscal years 1893 and 1894 \$41,994,543.72 and \$48,480,014.27, respectively, making a total balance due the fund on June 30, 1894, of \$101,782,383.35.

Public debt redeemed.

Fiscal year—		Fiscal year—	
1891.....	\$85,432,381.05	1888.....	\$74,813,563.05
1892.....	166,270,955.55	1889.....	121,264,438.35
1893.....	134,057,906.98	1890.....	104,642,149.50
1894.....	99,861,684.50	1891.....	*124,542,604.87
1895.....	45,984,485.43	1892.....	†40,565,557.98
1896.....	44,543,993.30	1893.....	‡9,724,654.50
1897.....	127,018,408.15	1894.....	55,466,050.55

From this statement it appears that on July 1, 1895, the total balance in the Treasury, including gold, Treasury notes, United States notes, and fractional coin and silver dollars, was \$153,337,579.99. Deduct the reserve fund..... 100,000,000.00

Available..... 53,337,579.99
Balances appropriated and unexpended January 1, 1895, including the sinking fund..... 255,955,099.94

The amendment reported by the committee is intended to equip and arm the Secretary of the Treasury so that hereafter, if he

* Includes \$23,553,296.50 national-bank notes redeemed under act of July 14, 1890.

† Includes \$16,232,721 national-bank notes redeemed under act of July 14, 1890.

‡ Includes \$9,037,651.50 national-bank notes redeemed under act of July 14, 1890.

chooses to exercise it, when the Senator from Delaware [Mr. GRAY] goes to the Treasury Department and says, "I want my money," he will say, "We will give you greenbacks or we will give you these certificates if you desire them." It makes it a popular loan, and enables the Secretary of the Treasury to dispose of a security that runs only two years at the option of the Government, and at a rate of interest far below that which he has paid for the gold which he now has.

Mr. GRAY. If the Senator will allow me, as this statement is a very interesting one, I wish to ask him whether it does not bear out the hopefulness of the Secretary of the Treasury that we find that since December 31, 1894, there has been an increase from whatever cause in the available cash balance, and that increase or that—

Mr. ALDRICH. How much does the Senator say the increase has been?

Mr. GRAY. From about \$67,000,000 to about \$100,000,000—\$99,000,000; and that available cash balance (so called) has been steadily maintained for a period of thirty days.

Mr. ALDRICH. Will the Senator from Maryland permit me?

Mr. GORMAN. That comes exactly as I have stated—and I tried to make myself understood—not from any increase in the ordinary receipts of the Government, but from the redemption of United States notes and Treasury notes.

Mr. GRAY. If the Senator will understand my point, I admit the greenbacks that have come into the Treasury and have been redeemed in gold have been carried to the account of the general fund and made available as part of the cash balance; but since that operation ceased the available cash balance has been maintained at that figure, to wit, at about \$100,000,000, for a period of nearly thirty days.

Mr. ALDRICH. If the Senator from Delaware will permit me, the statement of the Senator from Maryland is easily explainable.

Mr. GRAY. I understand the statement.

Mr. ALDRICH. The available cash balance as shown on the 31st of December, 1894, was obtained by deducting \$100,000,000 as a reserve from the cash on hand. The statement of February 18 only deducts \$55,000,000 from the cash on hand as the amount of the reserve. According to the Secretary of the Treasury the reserve has diminished from \$100,000,000 to \$45,000,000 from the 1st of January to the 18th of February.

Mr. GRAY. It only bears out what the President said in his message, that the revenues promised to be ample, but that they do not come in the shape of gold, which was what he asked Congress to arm him with the power of obtaining.

Mr. ALDRICH. But there has been a great change in the available cash balance from the 1st of January to the 18th of February, as can be easily seen by an examination of these two statements.

Mr. GRAY. That is what I say.

Mr. ALDRICH. If you place the reserve at \$100,000,000 in both cases there was no such increase, in fact there was no perceptible increase between the 1st of January and the 18th of February.

Mr. GRAY. It shows that there has been no decrease in the cash balance. The Secretary of the Treasury is maintaining our position.

Mr. GORMAN. Mr. President, there is no escape from the general proposition, and that is the one which is to be met by Congress. You have only paid the expenses of the Government by using the proceeds of the sale of \$100,000,000 of bonds in the last twenty-five months.

Mr. President, that was the case before the present Administration came into power. During the last Administration the very question was presented here, and I stated the views then as I do now, that the revenue laws up to that date had failed to produce a sufficient amount of money by \$150,000,000. It was nearer \$250,000,000. When the present Administration came into power they were interfered with by the commercial conditions that no legislation in Congress was responsible for. They have been intensified in the last two years. The revenues have fallen off and the expenditures have increased year by year.

I will place the statement in my remarks to show, as I did three years ago, that our expenses were about \$500,000,000 a year, and there was no possibility in the near future of decreasing them:

Revenues for fiscal year ending June 30, 1891.....	\$392,612,447.31
Revenues for fiscal year ending June 30, 1892.....	354,937,784.24
Total revenues for fiscal years ending June 30, 1891, 1892.....	\$747,550,231.55
Expenditures for fiscal year ending June 30, 1891.....	400,780,016.72
Expenditures for fiscal year ending June 30, 1892.....	382,587,510.56
Total expenditures for fiscal years ending June 30, 1891, 1892.....	783,367,527.28
Excess of expenditures over revenues for fiscal years ending June 30, 1891, 1892.....	44,817,295.73

Revenues for fiscal year ending June 30, 1891..	\$302,612,447.31
Revenues for fiscal year ending June 30, 1892..	324,937,784.24
Revenues for fiscal year ending June 30, 1893..	385,819,623.78
Total revenues for fiscal years ending June 30, 1891, 1892, 1893.....	\$1,013,369,855.33
Expenditures for fiscal year ending June 30, 1891.....	400,730,016.72
Expenditures for fiscal year ending June 30, 1892.....	382,597,510.56
Expenditures for fiscal year ending June 30, 1893.....	390,186,698.99
Total expenditures for fiscal years ending June 30, 1891, 1892, 1893.....	1,182,504,226.27
Excess of expenditures over revenues for fiscal years ending June 30, 1891, 1892, 1893.....	60,194,365.94
Revenues for fiscal year ending June 30, 1894..	207,722,019.25
Revenues for six months ending December 31, 1894.....	159,369,457.32
Total revenues for fiscal year ending June 30, 1894, and for six months ending December 31, 1894.....	457,111,476.57
Expenditures for fiscal year ending June 30, 1894.....	367,746,867.03
Expenditures for six months ending December 31, 1894.....	186,979,467.63
Total expenditures for fiscal year ending June 30, 1894, and for six months ending December 31, 1894.....	554,726,334.66
Excess of expenditures over revenues for fiscal year ending June 30, 1894, and for six months ending December 31, 1894..	97,614,858.09
Revenues, other than postal receipts, for the fiscal years ending June 30, 1891, 1892, 1893, 1894, and for six months ending December 31, 1894.....	1,500,481,336.90
Expenditures for the fiscal years ending June 30, 1891, 1892, 1893, 1894, and for six months ending December 31, 1894, including deficiencies paid in the postal service.....	1,737,290,560.96
Expenditures for the fiscal years ending June 30, 1891, 1892, 1893, 1894, and for six months ending December 31, 1894, exceed the revenues for the same period by.....	146,809,224.06
The Secretary estimates, in his answer to resolution of January 28, 1895, that the revenues from customs, internal revenue, and miscellaneous, all revenues except that from the sale of bonds, will be.....	380,610,543.00
Which is an average rate for each month in the year of.....	31,717,545.00
From the 1st day of July, 1894, to the 20th day of February, 1895, about seven and two-third months, the total receipts have been.....	202,532,595.67
Which is an average rate during each month of.....	30,417,251.00
The total receipts during the month of January (which is the first month embraced in the Secretary's estimate) were.....	27,804,309.71
As against his average of.....	31,717,545.00
For the first twenty days of February the total receipts were.....	15,336,736.64
This shows that the estimated receipts are unquestionably largely in excess of the actual result.	
The expenditures for the calendar year are estimated at.....	\$358,047,520.00
While the average actual payments per year out of the Treasury for the four fiscal years ending June 30, 1891, 1892, 1893, and 1894 were.....	387,577,793.32
Which is greater than his estimate for this calendar year by over.....	29,000,000.00

The question arises, whether it is possible to reduce expenditures \$29,000,000 when the appropriations are as large as heretofore. Mr. President, I do not think it possible to make such reductions. There is nothing to warrant such a statement.

Mr. President, the Government has been like any individual would be. We have spent more money than we have made, and there was but one alternative, bankruptcy or to borrow money. We borrowed \$150,000,000 or \$160,000,000. The question now arises whether we will continue to borrow upon the onerous terms which have been imposed upon us, or whether we will give the patriotic people of the country an opportunity to take an obligation of the Government as good as gold, one that is perfectly good and bears only 3 per cent interest, and will be redeemable when the act which the distinguished Senator from Indiana [Mr. Voorhees] and those of us on this side passed will produce the revenue, as it will produce the revenue in two years, to retire these very securities.

There is no reflection upon the President in any proposition that we submit. There is no reflection upon the Secretary of the Treasury, whom I admire. But I say that if this proposition is to be defeated, and if we are to run the risk of suspending payment, paralyzing works of public enterprise, preventing the Navy from being fairly increased and the Army from being properly conducted, that responsibility must be understood by the people to be taken by whatever official has the power to say that he does not want this grant of power, and that he will not exercise it if he has it.

Economy in Public Expenditures, Not an Increase of the Public Debt and Taxation, Is What the True Interests of Our Country Demand.

REMARKS

OF

HON. WILLIAM S. HOLMAN,
OF INDIANA.

IN THE HOUSE OF REPRESENTATIVES,

Thursday, February 7, 1895.

The House being in Committee of the Whole on the state of the Union, and having under consideration the bill (H. R. 8705) to authorize the Secretary of the Treasury to issue bonds to maintain a sufficient gold reserve and to redeem and retire United States notes, and for other purposes—

Mr. HOLMAN said:

Mr. CHAIRMAN: I am opposed to both of the measures involved in this bill. I am opposed to an increase of the public debt, and I am equally opposed to the retirement of the United States notes, the "greenbacks," so called, which have so long constituted an important quality in the money of our country, and of the Treasury notes issued under the act of July 24, 1890, both amounting to \$497,886,173. I am unalterably opposed to both of the leading provisions of the pending bill.

It seems absolutely incredible that such a bill should come before a Democratic House of Representatives from a committee of the House, a majority of whom claim to be Democrats, for consideration.

How many of you gentlemen of the West and South will appear before your constituents to defend this bill? I admit that, unfortunately, the creditor portion of the United States, the Eastern section of the Union, has an interest, financially, in reducing the volume of our money and enhancing its value; but to the great mass of our people, the producers of our wealth, all of the laboring people of our country, farmers, miners, and the manufacturing establishments of the South and West, and especially the debtor class everywhere so great as shown by the last census especially in the West and South, and generally throughout the Union—to them this bill, if it becomes a law, means poverty and desolate homes and cheerless firesides, for its object is to reduce the volume of money and thus increase the wealth of the few, and that can not be done without reducing multitudes of homes to poverty and wretchedness.

Is labor in this country so overpaid? Does the patient toil of the farmer yield such excessive remuneration that by arbitrary legislation you must reduce its gains? Will a nation of laboring men, will the farmers whose industry is the foundation of our greatness as a nation, consent to a measure that will necessarily increase taxation for an indefinite period and reduce prices of lands and all products of industry by reducing the volume of money—submit to this?

Gentlemen who are supporting this bill misapprehend the spirit of the American people.

Some British lord a century or more ago uttered the sentiment, "A public debt is a public blessing." This sentiment is said to have been repeated by an American statesman in the early period of our history but never approved by our people. A blessing to whom? To the holders of public securities; poverty to the people! By the passage of this bill this maxim of the British autocrat would become a part of our national policy.

This bill very clearly expresses the spirit of this extraordinary attempt to overthrow the policy of the Democratic party—a policy to which that party has unflinchingly adhered for a century, and which antedates even the great utterances of Jefferson—

That free institutions and the equal rights of the people can only be maintained by frugal government and that a great and permanent public debt is fatal to such a government.

Yet this bill, now before a Democratic House, as originally reported, provided for the issue of bonds "to maintain a sufficient gold reserve and to redeem and retire United States legal-tender notes and Treasury notes (a legal tender) issued under the act of July 14, 1890;" the bonds "payable in fifty years after date in gold coin of the United States."

The Republican party never dared to propose such a measure even in the late war. I admit that this barefaced attempt to fasten on our country the British policy was so obnoxious to even friends of the permanent debt policy that it has been amended as follows:

Payable at the pleasure of the United States after ten years from the date of their issue and due fifty years after date.

This amendment does not change the measure. The purpose is manifest to create a permanent public debt, the policy of which has been denounced by the Democratic party ever since the foundation of the Government.

AS TO UNITED STATES NOTES.

The following table issued by the Treasury Department shows the state of the money in the Treasury and supposed to be in circulation in the United States:

Statement showing the amounts of gold and silver coins and certificates, United States notes, and national bank notes in circulation March 1, 1895.

	General stock, coined or issued.	In Treasury.	Amount in circulation Mar. 1, 1895.	Amount in circulation Mar. 1, 1894.
Gold coin.....	\$502,631,656	\$94,065,558	\$468,568,100	\$496,890,383
Standard silver dollars.....	422,826,740	368,177,389	54,649,350	54,574,546
Subsidiary silver.....	77,071,742	16,131,145	60,940,597	59,921,912
Gold certificates.....	51,587,869	80,100	51,507,769	70,935,729
Silver certificates.....	333,107,504	7,291,089	325,816,415	331,119,247
Treasury notes, act July 14, 1890.....	150,705,157	33,455,457	114,249,700	141,088,766
United States notes.....	346,681,016	84,692,758	261,988,258	293,610,528
Currency certificates, act June 8, 1872.....	37,355,000	430,000	36,925,000	47,805,000
National bank notes.....	205,043,651	5,154,293	199,889,358	194,839,041
Total.....	2,187,012,346	612,477,789	1,574,534,557	1,890,675,132

So the money of the people, legal tender, to be "retired" by the proposed permanent interest-bearing debt, is as follows:

Treasury notes, act July 14, 1890.....	\$150,705,157
United States notes.....	346,681,016

Total..... 497,386,173

And what is all this for? Why should I ask the question? We who have been denouncing so many years the infamy of legislation that created imperial estates are now asked to retire from circulation money of as much value for all purposes in our own country as so much gold and silver for the benefit of the national banks. Here all men can see is the beginning, if this scheme is consummated, of an ever-growing national debt, and that, remarkable to say, deliberately, in a time of profound peace! It means, of course, increased taxation, a large reduction of money in the country, increased burdens on the debtor class, lower prices, greater poverty, and some more overgrown private estates, the owners of which spend their lavish incomes at fashionable resorts in Europe.

Is it possible that such a bill can pass this Democratic House?

What will the sensible, plain people say about a measure that is to increase the public debt, not including bonds already issued, \$497,386,173 in a time of profound peace to begin with, and for the benefit of gentlemen of ample fortunes in New York and elsewhere, who wish Government bonds for banking purposes and for permanent investments?

Think of it, gentlemen! This withdrawal of \$497,386,173 of legal-tender money from circulation leaves our people to the tender mercies of the banks. They are not charitable institutions! And yet Democrats are, or at least have been, denouncing the artificial methods of legislation by which the few are made rich and poverty in our country is increased! This bill far surpasses any measure ever suggested to ultimately "make the rich richer and the poor poorer."

EXPENDITURES.

There is a feature in the present state of our affairs that, singularly enough, has not been touched upon—the enormous increase in the expenditures of our Government. The Fifty-first Congress entered upon schemes of extravagance unexampled in the history of any other nation. I submit the following statement of the expenditures of our Government as expressed in the appropriations made by four Congresses—the Forty-third, Forty-fourth, Fiftieth, and Fifty-first. I submit the expenditures of these Congresses, as they fairly represent the policies of the Democratic and Republican parties during the last twenty-five years:

	Total appropriations.
Forty-third Congress.....	\$653,794,991.21
Forty-fourth Congress.....	595,597,832.28
Fiftieth Congress.....	817,963,859.80
Fifty-first Congress.....	988,417,183.34

The Forty-third Congress was Republican in both Houses; the House was Democratic in the Forty-fourth Congress, and also in the Fiftieth Congress; in the Fifty-first Congress both Houses were Republican. It will be seen from this table how rapidly the expenses of our Government have increased—enormously beyond the proportion of our increase in population. It will be seen that the increase in appropriations made by the Fifty-first Congress (Republican) over those made by the Fiftieth Congress (the House Democratic) is the extraordinary sum of \$170,453,333.54. I do not think that in the history of any other Government such an increase of expenditure in a time of profound peace has occurred. The effect of this increase has greatly affected the two succeeding Congresses. The pension legislation of 1890 did not materially affect the appropriations of the Fifty-first Congress, as the reports

show; the increased appropriation fell on the Fifty-second, and in some degree on the Fifty-third, Congress, but still no increase has been made in the Fifty-second and Fifty-third Congresses (House Democratic), yet severe reductions ought to have been made, not in pensions but in the expenditures not necessary to the efficient administration of the Government.

While the money of the world is being contracted to the basis of gold coin see how the indebtedness of the world has been enlarged. I quote from the census report of 1890. (Page 3, part 1, Public Debt.)

According to the best authorities the debt of the principal countries of the world has increased in the aggregate since 1848 as follows:

Years.	Aggregate debt.
1848.....	\$7,627,692,215
1860.....	10,399,341,688
1870.....	17,117,640,428
1880.....	27,421,037,643
1890.....	27,524,976,925

And on the same page it is stated that "the aggregate national and local debt, less sinking fund, of the world on July 1, 1890, was \$30,349,927,609."

The national, State, and local debt of the United States is stated thus:

National debt of the United States.....	\$891,900,104
State and local debt of the United States.....	1,135,210,442
Total.....	2,027,170,546

Add to these enormous sums of National, State, and local debts the individual indebtedness of our country and of the world, and the burden that rests on the labor of the world becomes appalling.

The magnitude of the indebtedness of the world is shown in the fact that the whole of the money of the world, gold, silver, and paper, is estimated at \$12,533,900,000 (gold, \$3,901,900,000, silver, \$3,931,100,000, paper, \$2,700,900,000). (See Report of the Comptroller of the Currency, 1892.)

In view of the growing tendency to promote private interests and build up private fortunes by legislation and the ever growing increase of taxation, soon after the opening of the Fifty-second Congress (January 15, 1892) I submitted to the House the following resolutions, on each of which a ye-a-and-nay vote was taken, and they were adopted:

Resolved, That in the judgment of this House the granting of subsidies or bounties by Congress, in money, public lands, bonds, or by indorsements, or by pledge of the public credit, to promote special private industries or enterprises of corporations, independent of the question of the constitutional power of Congress to make such grants, is unjust and impolitic, and in manifest conflict with the spirit of our republican institutions, as it directly tends to create and foster the wealth of favored classes at the expense of the whole people who bear the burdens of government, and manifestly furnishes undue facilities for the enlargement of great private estates—a policy which a government of the people can not justly or safely encourage by any form of favoritism in legislation.

Resolved, In view of the present condition of the Treasury, and because efficient and honest government can only be assured by the frugal expenditure of the public money, while unnecessary and lavish expenditure, under any and all conditions, leads inevitably to venal and corrupt methods in public affairs, no money ought to be appropriated by Congress from the public Treasury except such as is manifestly necessary to carry on the several departments frugally, efficiently, and honestly administered.

January 15, 1892.

Vote on adoption of first resolution—yeas 228, nays 40, not voting 63.

Vote on adoption of second resolution—yeas 164, nays 95, not voting 72.

The census of 1890 shows the astounding fact that while the circulating medium of our country was only a little over \$1,600,000,000, the tax collected by the Federal, State, and local governments amounted to \$1,040,473,013. So instead of ours being, as was the boast of our fathers, less burdened by Government than the people of any other nation, we are now in the front ranks. With silver demonetized, a remorseless reduction of the circulating medium, and ever-increasing taxation, how can the country prosper?

Gentlemen, if the Democratic party is to be a controlling force in the affairs of our Government in the future you must retrace your steps. If that great party which established the policy on which our republican system rests will compel the old-time economy in Government, restore the coinage of money as established by our fathers, and cut loose from Great Britain in financial affairs, the future prosperity of our people will be assured.

No one can explain the present condition of our industries, the extraordinary reduction of prices of labor and of lands and of all products of industry, especially products of lands, except as a necessary result of the movement which began in 1872 to reduce the volume of money in Europe and America, a measure consummated as to our country by the act which demonetized the silver dollar in 1873, and excessive taxation, Federal, State, and local.

I am in favor of the free coinage of silver for the same reason that I have always opposed banks of issue. Under our system of government—equal rights to all men, all money should be a legal-tender, and issued by the Federal Government—why should a laboring man receive the wages of a day and find the paper he

received worthless the next morning? Why should money be issued that is not for all purposes a legal tender?

Under our Federal system, as now expressed by the decision of the Supreme Court of the United States, legal-tender notes issued by the United States are a legal tender for all debts, public and private. And why not? This final decision will never be reversed. Why should it be reversed?

We have now in circulation of these United States notes (greenbacks) \$346,681,016, and \$150,705,157 issued under the act of 1890; in all, \$497,386,173. All legal tender money drawing no interest. Why should this vast sum be withdrawn from circulation? Who is to be benefited by the withdrawal of such a volume of money from circulation? The national banks!

On the basis of 15 to 1, 15½ to 1 in Europe and on the basis of 16 to 1, the American ratio of gold and silver, the two metals have been comparatively stable, and have formed a reliable and satisfactory basis for the final money of redemption both in Europe and America. Although England, as far back as 1816, saw an advantage on account of the indebtedness of continental Europe to her in adopting an exclusive gold standard, yet all the nations of continental Europe, until the close of the Franco-German war, found the use of both gold and silver equally necessary to their prosperity.

Since 1872 it is obvious a movement has been on foot to reduce the volume of money to correspond substantially with the basis of the currency of England, based on a single standard—gold alone, recognizing silver only as a subsidiary coin.

Germany, on account of the enormous fines she levied on France at the conclusion of the Franco-German war, saw the advantage of adopting a single standard.

Sweden, Denmark, Norway, Italy, Austria-Hungary, and even Belgium, have been influenced by the British policy. As the wealth of the world has increased the capitalists of all the nations have seen that to the capitalized wealth of the world a single standard was enormously beneficial, as it necessarily increased the value of money, and capital of late years has controlled the financial policy of the world.

In 1873 a movement in harmony with the policy of England and Germany became obviously beneficial to the capitalists of the United States; hence the covert legislative procedure by which the silver dollar was eliminated from our monetary system. No one pretends now that there was an intelligent legislative purpose in 1872 and 1873 to abandon the coinage of the silver dollar on the old basis of 16 of silver to 1 of gold, and it is clear that the act of 1873, by which the silver dollar was eliminated from our monetary system, was not an act of open and honest legislation. It can be only claimed that in consequence of the suspension of specie payments at that time the subject did not receive serious attention in either House of Congress.

It is well known that the bill which demonetized the silver dollar passed the House of Representatives without having been read in the House, although the reading of the bill was called for; but the bill, upon a suspension of the rules, passed that House without being read.

It has been claimed repeatedly in both Houses that no large number of silver dollars had been coined in our mints. This is misleading; for the Mexican dollar and the Spanish milled dollar were, up to 1837, and, I think, to a much later day, in large circulation in the United States, and recognized in our monetary system as legal-tender money.

Why should we retire the greenback money and the United States notes issued under the act of 1890—legal-tender money? For whose benefit is this to be done? Certainly not for the benefit of the people.

The demand of the bankers is that we should have honest money; that the issue of paper money is a business that belongs to banks. With the fact established that the issue of paper money is within the province of Congress, and may be made a legal tender, how can it be said that money issued by banks, not a legal tender, is a more honest money than notes issued by the United States—issued upon the faith of the whole people of the United States, and a full legal tender for the payment of all debts, public and private? But on what basis rests the pretension that banks alone should have the right to issue paper money? Does not the Government alone possess the power to issue gold and silver money and to give paper money a legal-tender power and value?

Of course the issuing of paper money, ultimately redeemable in coin, either gold or silver, or both, is very profitable, but why should a few gentlemen of ample fortunes have the monopoly of this as against the whole people of the United States? Why should the legal-tender notes now in circulation be retired for the benefit of the bankers? As legal-tender notes, the benefit of this money inures to the whole people, as the issue of national banks to a few bankers! Of course, all paper money ought, in the interest of stability, to be redeemable in coin.

It is said that if paper money is issued by national banks it will have elasticity. Some of the accomplished financiers demand an

elastic currency, others demand a stable currency. The management of these accomplished financiers during the last hundred years in this country shows very conclusively that banks are carried on for the benefit of bankers—not for the general welfare; that an elastic currency, so called, can be readily employed to promote the fortunes of the few by contraction and expansion, to the impoverishment of the people.

For years the friends of the national-bank system have spoken of the greenbacks as a dishonest money, and more recently of the silver dollar as a disgrace and dishonor to our country on account of the depreciation of the commercial value of silver. The avarice and selfishness of all this must be manifest to all men. I do not know that in all the history of monetary affairs a more thoroughly honest paper dollar has ever been issued than the greenback dollar. It is in our own country, for all purposes, exactly equal to a gold or silver dollar. Its existence and circulation inures to the benefit of the whole people. In any view it is a loan made by the people to themselves, without interest, and yet for all purposes in our own country absolute money.

If you retire the \$497,386,173, for all purposes real money, you do it for the benefit of the national bankers, they furnish the money, based upon exactly the same security—the credit of the United States—the whole people having the benefit of the one currency without interest, a few bankers holding bonds, the profits and benefits of the other. This is all there is in it.

It is said, however, that under the redemption act of 1875, under which \$100,000,000 was placed in the Treasury to redeem greenback money, you are bound to keep up that fund, and that whenever the skillful financier can use the greenback under that law to enable him to withdraw gold from the Treasury for sale in Europe or India, you can use and reuse and reuse greenbacks for that purpose. In other words, you borrow gold from the English banks, and a few days later the Rothschilds, through their agent in New York, gather up greenbacks and present them at the Treasury for redemption in gold.

Nothing in the whole history of the financial world has tended so completely to make the people subservient to capital, enriching the few and impoverishing the many. And who is responsible for that act of 1875?

Did any Government in the history of mankind so completely place its treasury at the mercy of shysters?

And yet all men know that there is no excuse for this, except sheer favoritism of capital. We pay the current expenses of the Government in greenbacks, silver, gold, as is the most convenient, but if the broker comes with his greenbacks for gold to be shipped to the Rothschilds, in Europe, we reduce the gold reserve without hesitation, and issue interest bearing bonds to get the gold back!

There are outstanding some gold certificates issued for gold deposits amounting to comparatively little. Of course these certificates must be paid in gold, but the amount is unimportant. There is not a word in all the statutes that commits the Government to the payment of any other securities in gold coin.

Our public debt was created on a paper-money basis. The fifties, which constituted the great body of our public debt, were payable the interest in coin and the principal in lawful money. By the act of 1869 the interest and principal were made payable in coin. No act of Congress has ever gone beyond this.

Congress has never provided for the payment of any portion of our liabilities in gold except our gold certificates. "Coin" is the word uniformly used in the statutes. It is the word used in the act of 1875 as well as the act of 1869. It was Secretary McCulloch, of the Treasury, who suggested the idea that the Government should pay on the gold basis, and, with a subserviency to capital never before known in the history of the world, that suggestion has been followed to the present time by Government officials.

With the present policy accepted (not supported by law) you may issue bonds and increase the taxation of the people by buying gold from the Rothschilds, and you will still continually suffer the dishonor of increasing the public debt in time of profound peace! Will the American people acquiesce in this?

The remedy for all this is very simple. Adopt the policy of such a Government as France—a Government that has always maintained, under all conditions, its credit and honor. If a demand is made, as the House has been informed, for a small amount of gold, it will be readily paid. If the amount is large, the authorities will determine for themselves whether the payment should be made in gold or silver, and of course France is never dishonored by her agents knocking at the bank of the Rothschilds for gold. On the contrary, England, with a gold standard, has within three years been asking France, a bimetallic country, to help her out in her trouble with the Argentine Republic.

Our people are mortified and astonished at the issuing of bonds and the increase of our public debt. The sensibilities of the people of our country have never been so profoundly aroused on a financial question as on this. The general feeling is that reasonable economy and the payment of our debts on an honest basis

would have prevented this discredit to our nation, this dishonor to our people. Were we in honor bound to pay in gold? Did not Congress expressly declare in the Forty-fifth Congress that our debts were simply payable in coin?

On the 12th of January, 1874, the condition of affairs in our country was not dissimilar to what it is now, and the following proceedings occurred in Congress:

[Forty-third Congress, first session, CONGRESSIONAL RECORD, page 590, date of January 12, 1874.]

INCREASE OF TAXES.

The SPEAKER. There comes over from a previous Monday's proceedings a motion by the gentleman from Pennsylvania [Mr. Kelley] to suspend the rules and agree to the resolution which the Clerk will report in full.

The Clerk read as follows:

"Resolved, That it is the sense of this House that the taxes which now burden the people should not be increased, but that the extraordinary means, if any be required, for the support of the Government during the temporary paralysis in the industries of the country now prevailing should be met by a temporary loan or loans bearing a low rate of interest in currency and redeemable in United States notes."

Mr. GARFIELD. Will the gentleman from Pennsylvania allow me to make a suggestion? He must know that everybody recognizes the great importance of the subject which is brought up by his resolution, and I am sure that no one would be readier than he to debate this question and show the reasons for his opinions on this, as well as on all other political topics. Therefore I hope he will allow a debate on the very important issues involved in his resolution. I appeal to the gentleman from Pennsylvania to consent to this.

Mr. Kelley declined agreeing to delay, and on a ye-and-nay vote the resolution failed to receive a two-thirds vote. Immediately afterwards the following proceedings occurred:

[January 12, 1874, CONGRESSIONAL RECORD, page 591.]

REVENUE EXPENDITURES.

Mr. HOLMAN. I ask for action at this time upon the resolution which I send to the Clerk's desk and desire to have read, and I move that the rules be suspended and the resolution passed.

The Clerk read as follows:

"Resolved, That in the judgment of this House there is no necessity for increased taxation or an increase of the public debt by a further loan if there shall be severe economy in the public expenditures; and, in view of the condition of the national finances, this House will reduce the appropriations and public expenditures to the lowest point consistent with a proper administration of public affairs."

This resolution was adopted on a ye-and-nay vote—yeas 231, nays 3.

[January 12, 1874, CONGRESSIONAL RECORD, page 592.]

The Clerk read Mr. HAWLEY's resolution, as follows:

"Resolved, That in the opinion of this House the expenditures of the nation can, and should, be so reduced and regulated that they can be met by the existing taxes; and in no event should there be an increase of either interest-bearing or noninterest-bearing obligations of the Government."

The question was taken; and (two-thirds voting in favor thereof) the rules were suspended, and the resolution was adopted.

It is not necessary for me to say that after this emphatic action of the House no increase of the public debt was permitted or bonds issued, temporary or otherwise. During that Congress—the Forty-third—in view of the then condition of our financial affairs, a heavy reduction was made in the expenses of the Government. In the next Congress—the Forty-fourth, the House being Democratic—the reduction made under the appropriations of the preceding Congress was over \$58,000,000, and no public interest suffered.

The whole country can see that the trouble is over the increased expenditures of the Government and the gradual reduction in the volume of our money by the adoption of the gold standard. There would not be the slightest embarrassment in the affairs of our Government and but little in the commercial affairs of our country if there was reasonable frugality in the conduct of our affairs, and if the Government paid its debts, as an honest man would, with lawful money under its control.

We have treated our public creditors with a magnanimity unexampled in modern history. Our public securities were acquired on a paper basis. Our public creditors afterwards secured the law of 1869 to pay in coin, and now the holders demand gold!

I wish to repeat that the favoritism shown by this Government to its public creditors and holders of its securities has no precedent in history.

Democrats, if you hope to secure again the confidence of the Democratic masses of our people you must retrace your steps and go back to the teachings of the men who laid the foundation of the Government.

Gentlemen, you can not maintain the confidence of our people while you increase year after year an already overgrown Navy and maintain an Army beyond the necessity of the Government, with ever-increasing expenditures, in great and splendid establishments everywhere, making ours the most extravagant Government in the world in proportion to population and wealth.

If the Democratic party will go back to the teachings of its founders it will renew its youth. Jefferson demanded a Government that should not take "from the mouth of labor the bread it had earned." Jackson expresses the same great thought in the following words:

*** to persuade my countrymen, so far as I may, that it is not in a splendid Government, supported by powerful monopolies and aristocratic estab-

lishments, that they will find happiness or their liberties protection, but in a plain system, void of pomp—protecting all, and granting favors to none—dispensing its blessings like the dew of Heaven, unseen and unfeigned, save in the freshness and beauty they contribute to produce. It is such a Government that the genius of our people requires; such a one only under which our States may remain for ages to come united, prosperous, and free.

Democrats, whenever you assure the people of our country that you will go back to the teachings of the fathers, and administer the affairs of our Government frugally and only for the general welfare, as a republican government ought to be administered, and must be if free institutions are to be maintained, you may confidently hope that the people will restore the Democratic party to power. Not till then.

The Late Senator Zebulon B. Vance.

REMARKS

OF

HON. F. A. WOODARD,

OF NORTH CAROLINA.

IN THE HOUSE OF REPRESENTATIVES,

Tuesday, February 26, 1895.

The House having under consideration the resolutions paying tribute to the memory of Hon. Zebulon B. Vance, late a Senator from the State of North Carolina—

Mr. WOODARD said:

Mr. SPEAKER: When Senator Vance died North Carolina lost its foremost citizen. He will go down in history as the greatest man the State has ever produced. The people gave him their highest honors. He was a member of the legislature four years; a member of this body, elected at the age of 28; elected governor at the age of 32; again elected governor at the age of 34; elected United States Senator in 1873, but refused admission by the Republican Senate; elected governor in 1876; elected to the Senate in 1878, and a member of that body until his death. This is a brief summary of his public life. In these positions there is a record of over thirty-five years of continuous, faithful, and unselfish public service, and no man has ever lived in North Carolina who ever merited or received such love and confidence from the people. He was incomparably the most popular North Carolinian who ever lived.

His commanding intellectual force and versatile genius would have won preeminence anywhere, but the true basis of his success and the secret of his marvelous popularity was to be found in the rugged honesty, the fearless frankness, the genial humor, and the sincere desire to promote the welfare of the people which characterized him.

Senator Vance was a man of varied gifts. Elected to Congress when only 28 years of age, yet he soon was recognized as one of the ablest and most brilliant men in that body. It was at this period of his life that Hon. George C. Badger, then the ablest man in North Carolina, a United States Senator for many years, said to a friend, in speaking of the exciting canvass of 1860, "You should hear Vance, the young Congressman from the mountain district. There never lived such a stump speaker as he." When Lincoln issued his call for troops Senator Vance enlisted as a private soldier in the Confederate army and at once went to the field. The people of his mountain district desired to elect him to the Confederate Congress, but he declined in the following letter to a friend:

HEADQUARTERS TWENTY-SIXTH REGIMENT, N. C. T.,
Camp Burgwyn, near Morehead City, September 18.

DEAR SIR: Your letter of the 2d instant, addressed to my brother, was forwarded by him and received this day. In it you ask, first, if I will be a candidate for congress, and, second, if not a candidate, will I consent for my name to be run? To both questions I answer in the negative. To this course I am impelled by what I consider the most conclusive of reasons.

You remember well the position I occupied upon the great question which so lately divided the people of the South. Ardently devoted to the old Union and the forms which the Federal fathers established, I clung to it so long as I thought there was a shadow of a hope of preserving, purifying, or reconstructing it. And you will also remember that in the last official communication I had the honor to make to my constituents as their Representative I pledged myself in case all our efforts for peace and justice at the hands of the North should fail that their cause was mine, their destiny was my destiny, and that all I had and was should be spent in their service. Those hopes did fail, as you know, signally and miserably fail; civil war was thrust upon the country and the strong arm of Northern despotism was stretched out to crush and subdue the Southern people. I immediately volunteered for their defense, in obedience not only to this promise, but also, as I trust, to patriotic instincts; and I should hold this promise but poorly fulfilled should I now, after having acquired sufficient knowledge of military affairs to begin to be useful to my country, escape its obligations by seeking or even accepting a civil appointment.

Certainly if there lives a man in North Carolina who ought to do all and suffer all for his country, I am that man. Since the time of my entering upon

man's estate the people have heaped promotion and honors, all undeserved, upon my head. In everything I have sought, their generous confidence, their unflinching kindness have sustained me. Whilst I can never sufficiently repay it, I am determined, God helping me, to show them I was not altogether unworthy of their regard. I am therefore not a candidate for congress, nor will I consent for my name to be run. I am perfectly satisfied to be represented again by the sound sense and sober judgment of the gentleman who has so lately represented us at Richmond, or by a dozen gentlemen who live in our district not connected with the army, some of whom I hope the common peril and the common cause will induce our people to elect without bickering and strife.

I can not close this hasty letter without assuring you that I am not insensible to the compliment conveyed by your own and a hundred other similar interrogations which have reached me from different parts of the district. No man can feel prouder or more grateful at such manifestations. Surely God has never blessed a man with more sterling and devoted friends than I can number in the mountain district! May my name perish from the memory of my wife and children when I cease to remember these friends with gratitude. Among the many who have adhered so faithfully to my poor fortune, through good and through evil report, I am always proud to remember you, unfalteringly and unmistakably.

Please to accept, in conclusion, every assurance of my regard and good wishes for you and yours.

Most truly, yours,

Z. B. VANCE.

N. G. ALLMAN, Esq., Franklin, N. C.

He was elected captain of his company and soon thereafter colonel of his regiment, and his service in the army was characterized by signal bravery and faithful devotion to the welfare of his troops. While in this service the eyes of the people of the State turned to him as the best man they could select for governor during this trying period in the State's history. After careful deliberation he accepted the nomination, and addressed the following letter to his life-long friend Mr. E. J. Hale, the able editor of the then leading paper of the State, the Fayetteville Observer:

HEADQUARTERS TWENTY-SIXTH REGIMENT, N. C. TROOPS,
Kinston, June 16, 1863.

EDITORS OF THE OBSERVER: A number of primary meetings of the people and a respectable portion of the newspapers of the State having put forward my name for the office of governor, to which I may also add the reception of numerous letters to the same purport, I deem it proper that I should make some response to these flattering indications of confidence and regard.

Believing that the only hope of the South depended upon the prosecution of the war at all hazards and to the utmost extremity so long as the foot of an invader pressed Southern soil, I took the field at an early day, with the determination to remain there until our independence was achieved. My convictions in this regard remain unchanged. In accordance therewith I have steadily and sincerely declined all promotion save that which placed me at the head of the gallant men whom I now command. A true man should, however, be willing to serve wherever the public voice may assign him. If, therefore, my fellow-citizens believe that I could serve the great cause better as governor than I am now doing, and should see proper to confer this great responsibility upon me, without solicitation on my part, I should not feel at liberty to decline it, however conscious of my own unworthiness.

In thus frankly avowing my willingness to labor in any position which may be thought best for the public good, I do not wish to be considered guilty of the affectation of indifference to the great honor which my fellow-citizens thus propose to bestow upon me. On the contrary, I should consider it the crowning glory of my life to be placed in a position where I could most advance the interests and honor of North Carolina, and, if necessary, lead her gallant sons against her foes. But I shall be content with the people's will. Let them speak.

Sincerely deprecating the growing tendency toward party strife amongst our people, which every patriot should shun in the presence of the common danger, I earnestly pray for that unity of sentiment and fraternity of feeling which alone, with the favor of God, can enable us to prosecute this war for liberty and independence, against all odds and under every adversity, to a glorious and triumphant issue.

Very sincerely, yours,

Z. B. VANCE.

He was elected governor in 1862, and during the stormy period of these years he exhibited the highest executive ability in the discharge of the exacting duties of his position. He exalted personal liberty and its safeguard. He equipped and sent to the Confederacy more men according to population than were furnished by any Southern State. North Carolina soldiers were better clad, the people at home had more comforts of life, all due to his wise forethought in the exports of cotton to Europe and purchase of supplies in the European markets. So conspicuous were his services during these years, that he became known throughout the South as the great war governor. He frequently visited the soldiers in their camp and was always a welcome and honored guest. A member of his staff has written a most graphic account of the visit of Governor Vance to the Army of Northern Virginia. Says this gentleman:

Among the most pleasant incidents of my service as a member of the governor's staff was a visit which I made with him to the Army of Northern Virginia in the winter of 1863.

He was then a candidate for reelection to the gubernatorial chair, having filed it for one term with great eclat, but being opposed by a certain faction at home, which proclaimed itself for "peace and reconstruction" on any terms. This appeal, it was feared, had produced some impression upon the minds of the soldiers in the field, and though the ostensible object of the visit was the advancement of his political interests, its real purpose was to rekindle the fires of patriotism in the hearts of the North Carolina troops, and to cheer and stimulate the entire army. I had supposed that I knew him thoroughly and appreciated him fully, but I had no conception of his gifts as an orator and of the potency of his personal magnetism until this memorable occasion.

Inspired alike by the peculiar surroundings and the importance of his mission, he transcended himself and produced an impression upon the army, from its great captain to its humblest private, which displayed itself in the wildest enthusiasm for the cause and the most intense idolatry for its eloquent advocate.

That he should have been thus inspired is not surprising, for the circumstances which surrounded him would have stirred the heart of any man.

General Lee ordered a general review in his special honor—an incident, I believe, without parallel in the history of the army.

Upon an immense plain, in the immediate neighborhood of Orange Court House there were assembled the troops which composed the then unconquered Army of Northern Virginia. These were clad in rags, but wreathed with victory; their flags were soiled and tattered, but upon them were inscribed the immortal names of Cold Harbor, Manassas, and South Mountain; their arms were battered and blackened, but their fire startled the nations and reverberated around the world; their hands were decimated and out of tune, but they still discoursed the inspiring strains of "Dixie," "The bonny blue flag," and "The girl I left behind me." And though many a gallant leader was absent because "off duty" forever, Jackson, Longstreet, Stuart, Early, Ewell, Hill, Rhodes, Gordon, Hampton, Pettigrew, and Fitzhugh Lee were there to do honor to Carolina's illustrious son.

Arrayed in two confronting lines, and with their bronzed faces beaming with pleasure and expectancy, the noble veterans awaited the coming of the old chieftains whom they had followed in triumph so long, and of the youthful governor, whose devotion to the cause and tender care of his own troops had already made him the idol of them all. Finally the cannon boomed and General Lee and Governor Vance appeared, and, amid a storm of enthusiastic cheers and an avalanche of friendly greetings, rode slowly along the excited lines.

It was a stirring scene, and as I rode with this distinguished company and gazed into the battered but radiant faces around me and listened to the grand "Confederate yell" which met their great commander and his honored guest, I felt that it was indeed an occasion to be remembered, and realized that I stood in the presence of heroes and conquerors—of the men who had made history, and even from their enemies the reputation of being "the bravest soldiers who ever marched to the music of battle."

So soon as the review—if that military love feast can be so designated—was ended the men and officers came crowding around the elevated platform which had been prepared for the orator and for two hours gave him their most earnest attention.

The day was truly a proud one for North Carolina and for her gifted son, and a more appropriate, effective, and eloquent address was never uttered by human lips. Under the influence of his rich and varied imagery, his happy and graphic illustrations, his masterly grasp and inner meaning, trenchant thrusts and touching allusions, his stirring appeals and deep pathos, and, in a word, his magnificent and resistless eloquence, the audience was stirred, enraptured, enthused, and carried away as if by the spell of a magician. Not a man who heard the impassioned outburst of patriotic inspiration would have hesitated to die for his country; and I am convinced that in many an hour of supreme peril afterwards it rang like trumpet tones through the souls of those who heard it, inspiring them to a higher courage, a nobler effort, a purer patriotism, and a more heroic martyrdom for the cause which they loved so well. If aught of lukewarmness or despondency had been produced by the machinations of a selfish faction at home, they vanished as the morning mist before the rising sun under the spell of this good man's matchless eloquence. I heard General Lee remark that Governor Vance's visit to the army had been equivalent to its reinforcement by 50,000 men; and it sowed the seed of a friendship between those two true-hearted patriots which fructified even amid the dark days preceding the surrender, and grew and strengthened long after the land which they loved so well had drained the cup of sorrow to the dregs.

It was then that he made classic the term "tar heel," which others had hitherto applied in derision to the North Carolina soldiers by addressing them as "fellow tar heels" and demonstrating that the sobriquet was but a synonym of that tenacious courage which made them stick to their post in the hour of danger upon so many hard-fought fields to their own imperishable honor and to the eternal glory of the mother State, and even afterwards, during the war and up to the present moment, the most subtle compliment which can be paid to a North Carolinian who followed the banner of the Confederacy in all of its vicissitudes of fortune until it was furled forever at Appomattox, is to call him by that homely but blood-baptized appellation of "tar heel."

It was of this speech that Gen. J. E. B. Stuart said that "if the test of eloquence is its effect, this speech was the most eloquent ever delivered." At the close of the war he was arrested and imprisoned here in the Old Capitol Prison. He was soon released, returned to his home, and engaged in the practice of his profession. He was a well-equipped and successful lawyer. He often told with keen enjoyment of the compliment paid him when a young lawyer attending the court of his mountain district. Many of the ablest lawyers in the State lived in this district.

Several of the mountaineers were on the court green discussing the merits of the lawyers who were in attendance upon the court. At the close of the discussion one of them said: "Well, if that young man, Zeb Vance, ever gets by the judge I would rather have him than any of those old lawyers." While not a high compliment to his legal ability at the time, yet it was a marked tribute to his power before the people; but it was not long before he could "get by the judge," for he soon became one of the leading lawyers in the State.

One of the last speeches made by Senator Vance in the Senate was a legal argument to sustain the position that the governor of a State had no power to appoint a Senator to fill a vacancy caused by the failure of the legislature to elect. This speech was an able and luminous constitutional argument, and, though the views sustained by him were not at that time entertained by a majority of the Committee on Privileges and Elections or of the Senators, his argument convinced a majority of that body that his was the correct view of the question. The distinguished gentleman who now presides over the Senate with so much ability, in speaking of Senator Vance, said to me that this speech was the ablest presentation of the question made by any Senator, although many of the ablest lawyers of that body engaged in the discussion. No higher compliment could be paid to his ability as a lawyer. He was a great political leader. The people of his State gladly gave him every position of honor in their gift. I doubt, Mr. Speaker, if there ever lived a man in our country who

had the influence and power in his State that was accorded Senator Vance. He had their love and confidence. In almost every home in North Carolina, whether it be a cabin in the mountain cave or the brick mansion of the city, upon its walls the genial and kindly countenance of Senator Vance looks down upon you. Hundreds of children of the State bear his name. The people confided in his wisdom, revered his integrity, and loved him for his own sake.

One has well said:

His wise sayings, his sparkling witticisms, his charming humor, were the guide, the light, and cheer of every hearthstone in the State. His kindly nature, his true manliness, his peerless intellect, his clear judgment, made him the welcome, honored guest of the cottage of the poor and the mansion of the rich. The Jewish theocracy guarded the law with such jealousy that he who but laid his hand upon the ark was stricken with death. With that same care he stood before our constitution in times of peril, when elsewhere the law was silent amid the clash of arms. Did he ever fail in his devotion to North Carolina? Had he an enemy who was not also her enemy?

As a campaign speaker he was unequalled, and I doubt if in the last quarter of a century there was a public speaker in this country who was so effective on the stump. He was a great orator. His wit, his eloquence, his logic, charmed his audiences, and no one who came to hear him ever grew wearied. He was a masterful humorist. He had superior literary tastes. His lectures and literary addresses are all models of a clear, chaste, and vigorous style, oftentimes eloquent, and always evidencing thorough acquaintance with the best literary thought of the day. It will be fortunate if the lectures and addresses he delivered on various subjects and his speeches in the Senate can be preserved in some permanent form. The volume containing them would be a most valuable contribution to the literature of our country.

But, Mr. Speaker, the work which entitles Senator Vance to a most conspicuous position among the great men of the country is his labors in the United States Senate. Coming to that body preceded by a reputation as a statesman of ability, he was soon recognized as one of its ablest members and was assigned to membership on the leading committees of that body. Recognizing at that time that in the near future the great questions which would confront Congress for settlement would be the proper adjustment of the tariff taxation and a just settlement of the financial question, he began the thorough study of these questions, and it has been well said by his associates in that body that no Senator discussed them with more power and ability than did Senator Vance. When the McKinley bill was pending in the Senate Senator Vance, as a member of the Finance Committee, was the recognized leader of his party, and the burden of the debate of that bill fell largely upon him. The student of the difficult and complex question of the tariff can find in the literature of that subject no more valu-

able material for its mastery than the speeches of Senator Vance, and upon most of the important questions coming before that body he spoke and always with singular force and ability. As Senator GRAY has so well said:

His equipment as an orator was strong and unique. There are few of us who can not recall the delight occasioned by the display of his wit, and how story, epigram, and apt illustration lighted up many a tedious discussion, his clearness of mental vision making many a crooked path straight. No debate was ever dull in which he was engaged, and no one cared to leave this Chamber when Vance was on the floor.

Senator Vance gave much thought and study to the financial question and was a strong advocate of the restoration of silver to the position it occupied prior to 1873, believing that the free coinage of silver would promote the best interests of the people of the whole country.

The last speech he made in the Senate was in opposition to the unconditional repeal of the Sherman law. I always considered it a great privilege to have heard this speech, considered by many as one of the ablest ever delivered in the Senate.

Fatal disease had already laid its hand upon him. His stalwart frame had grown feeble and weak, his voice had lost much of its peculiar charm and power. He was speaking when I entered the Senate. Almost every Senator was in his seat, listening eagerly to the powerful argument he was making. He had not proceeded long before all evidence of his feeble condition had seemingly passed away, and feeling, as he no doubt did, that this might be his last appeal for legislation believed by him to be vital for the best interests of his people, he husbanded all his strength and for nearly two hours held the undivided attention of the Senate. It was a great speech, enlivened by the flashes of his wit and humor, his argument sustained by his powerful logic. It deserves to rank among the ablest delivered by any Senator during that memorable debate.

At the close of the extra session he went to Black Mountain hoping to regain his health in the bracing and health-giving air of his beautiful mountain home.

He returned at the regular session, but it was apparent to his friends that his career was ended. At his home in this city he was confined for many weeks. I saw him often. He was the same genial, kindly man. An hour spent with him was always a pleasant memory.

He was buried in the beautiful cemetery at Asheville, at the foot of the mountains he loved so well. Others have spoken of the deep grief manifested by all classes of our people, and of the honors paid his memory. In every town in the State services were held, addresses made, and resolutions adopted expressive of the sorrow of our people and of their appreciation of his character and services. He sleeps well, awaiting the resurrection morn.

INDEX

TO THE

APPENDIX TO THE CONGRESSIONAL RECORD.

- Adams, Robert, jr.** (*a Representative from Pennsylvania*)
The currency 54.
- Aitken, David D.** (*a Representative from Michigan*)
Francis B. Stockbridge 306.
- Bartholdt, Richard** (*a Representative from Missouri*)
Beer tax 308.
- Beckner, William M.** (*a Representative from Kentucky*)
Land grants for school purposes 164.
- Bell, John C.** (*a Representative from Colorado*)
Pacific railroads 163.
The currency 43.
- Beltzhoover, Frank E.** (*a Representative from Pennsylvania*)
War claims 300.
- Bland, Richard P.** (*a Representative from Missouri*)
The currency 357.
- Boatner, Charles J.** (*a Representative from Louisiana*)
Pacific railroads indebtedness 310.
The currency 224.
- Boutelle, Charles A.** (*a Representative from Maine*)
Philip Sidney Post 397.
- Bryan, William J.** (*a Representative from Nebraska*)
Arbitration 298.
Currency reform 145.
The gold-bond contract 284.
- Caffery, Donelson** (*a Senator from Louisiana*)
Maritime Canal Company of Nicaragua 71.
- Caminetti, Anthony** (*a Representative from California*)
Pacific railroads and the Reilly bill 341.
- Cannon, Joseph G.** (*a Representative from Illinois*)
Appropriations 334.
- Caruth, Asher G.** (*a Representative from Kentucky*)
Pacific railroads 207.
- Clark, Champ** (*a Representative from Missouri*)
Pensions 254.
Revenue-Cutter Service 3.
- Cockran, W. Bourke** (*a Representative from New York*)
The currency 175.
- Cockrell, J. V.** (*a Representative from Texas*)
The currency 228.
- Coffeen, Henry A.** (*a Representative from Wyoming*)
The currency 80, 237.
- Coombs, William J.** (*a Representative from New York*)
Appropriations 355.
- Cooper, George W.** (*a Representative from Indiana*)
Pensions 307.
The currency 188.
The tariff 322.
- Cooper, Henry A.** (*a Representative from Wisconsin*)
Pacific railroad funding bill 327.
- Covert, James W.** (*a Representative from New York*)
The Navy and Revenue-Cutter Service 399.
- Cox, Nicholas N.** (*a Representative from Tennessee*)
The currency 155.
- Curtis, Charles** (*a Representative from Kansas*)
The currency 230.
- Davis, John** (*a Representative from Kansas*)
The currency question 66.
- De Forest, Robert E.** (*a Representative from Connecticut*)
The currency 52.
- Dockery, Alexander M.** (*a Representative from Missouri*)
Appropriations 349.
- Dolliver, Jonathan P.** (*a Representative from Iowa*)
Philip Sidney Post 399.
- Fithian, George W.** (*a Representative from Illinois*)
Free ships 243.
- Geary, Thomas J.** (*a Representative from California*)
Interstate-commerce law 276.
- Gorman, Arthur P.** (*a Senator from Maryland*)
Issue of short-term certificates 400.
- Gresham, Walter** (*a Representative from Texas*)
The currency 57.
- Grosvenor, Charles H.** (*a Representative from Ohio*)
Pension appropriation bill 233.
Protection to American industries 279.
Republican record against Democratic record 291.
- Hainer, Eugene J.** (*a Representative from Nebraska*)
The currency 316.
- Haines, Charles D.** (*a Representative from New York*)
Adelaide Morris 290.
- Henderson, David B.** (*a Representative from Iowa*)
Appropriations 304.
- Henderson, Thomas J.** (*a Representative from Illinois*)
Charles O'Neill 348.
Taxation of national-bank and Treasury notes 394.
- Holman, William S.** (*a Representative from Indiana*)
Economy in public expenditures 407.
- Hopkins, Albert J.** (*a Representative from Illinois*)
Results of Democratic tariff legislation 183.
- Houk, John C.** (*a Representative from Tennessee*)
Forgery of public records 6.
- Hudson, Thomas J.** (*a Representative from Kansas*)
Finance and currency 255.
The currency 199.
- Lane, Edward** (*a Representative from Illinois*)
The currency 238.
- Lawson, Thomas G.** (*a Representative from Georgia*)
The Carlisle bill 39.
- Little, John S.** (*a Representative from Arkansas*)
Currency and cloture 162.
- McDearmon, James C.** (*a Representative from Tennessee*)
The currency 338.
- McKeighan, William A.** (*a Representative from Nebraska*)
The currency 283.
- McMillin, Benton** (*a Representative from Tennessee*)
Income tax 389.
J. Logan Chipman 113.
The currency 387.

- Maddox, John W.** (*a Representative from Georgia*)
Alfred H. Colquitt 324.
- Maguire, James G.** (*a Representative from California*)
Pacific railroads 210.
- Martin, Augustus N.** (*a Representative from Indiana*)
Pension legislation 395.
- Meyer, Adolph** (*a Representative from Louisiana*)
The currency 379.
- Moore, Horace L.** (*a Representative from Kansas*)
Pacific railroads 158.
- Moses, Charles L.** (*a Representative from Georgia*)
Mexican war pensions 299.
- Newlands, Francis G.** (*a Representative from Nevada*)
The currency 353.
- Pendleton, John O.** (*a Representative from West Virginia*)
The currency 46.
- Pettigrew, R. F.** (*a Senator from South Dakota*)
The revenue bill 159.
- Pickler, John A.** (*a Representative from South Dakota*)
The Indian question 335.
- Sayers, Joseph D.** (*a Representative from Texas*)
Appropriations 322.
- Sibley, Joseph C.** (*a Representative from Pennsylvania*)
Pacific railroads 163.
The currency 114.
- Simpson, Jerry** (*a Representative from Kansas*)
The currency 194, 383.
The tariff-income tax 382.
- Stockdale, Thomas R.** (*a Representative from Mississippi*)
The currency 288.
- Stone, William A.** (*a Representative from Pennsylvania*)
The currency 166.
- Straus, Isidor** (*a Representative from New York*)
Pacific railroads 226.
- Talbert, William J.** (*a Representative from South Carolina*)
The currency 62.
- Tate, Farish Carter** (*a Representative from Georgia*)
Alfred H. Colquitt 321.
- Teller, Henry M.** (*a Senator from Colorado*)
Hawaiian affairs 200.
- Van Voorhis, John** (*a Representative from New York*)
Battle ships 325.
- Vilas, William F.** (*a Senator from Wisconsin*)
Railway Mail Service 267.
- Wanger, Irving P.** (*a Representative from Pennsylvania*)
International monetary conference 393.
William Lilly 193.
- Weadock, Thomas A. E.** (*a Representative from Michigan*)
Capt. Isaac D. Toll 186.
Indian appropriation bill 169.
Pacific railroads 215.
- Williams, James R.** (*a Representative from Illinois*)
The currency 231.
- Woodard, Frederick A.** (*a Representative from North Carolina*)
Zebulon B. Vance 410.

